

**ORIGINAL**

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

ROBERT "BOB" BURNS, Chairman  
BOYD DUNN  
SANDRA D. KENNEDY  
JUSTIN OLSON  
LEA MÁRQUEZ PETERSON

IN THE MATTER OF THE APPLICATION  
OF GLOBAL WATER - BALTERRA  
UTILITIES COMPANY, INC., AN ARIZONA  
CORPORATION, FOR THE  
ESTABLISHMENT OF JUST AND  
REASONABLE RATES AND CHARGES  
FOR UTILITY SERVICE DESIGNED TO  
REALIZE A REASONABLE RATE OF  
RETURN ON THE FAIR VALUE OF ITS  
PROPERTY AND FOR CERTAIN RELATED  
APPROVALS.

DOCKET NO. SW-20403A-20-0218

**RATE APPLICATION**

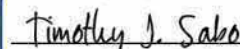
**PART 3 OF 4**

**NOTICE OF FILING RATE  
CASE SCHEDULES IN  
SUPPORT OF RATE  
APPLICATION**

Global Water – Balterra Utilities Company, Inc., in connection with its  
contemporaneously filed Rate Application, provides notice of filing the attached Rate  
Case Schedules in support of its Rate Application.

RESPECTFULLY SUBMITTED this 28<sup>th</sup> day of August, 2020.

DocuSigned by:



Timothy J. Sabo

Regulatory Counsel

**Certificate of Service**

Original of the foregoing  
eFiled this 28<sup>th</sup> day of August, 2020 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Copies emailed this same date to:

Elijah Abinah  
Director, Utilities Division  
Arizona Corporation Commission  
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/s/ Joyce Goodwin

**Balterra Sewer, LLC**

Schedule A-1

Test Year Ended December 31, 2019

Computation of Increase in Gross Revenue Requirement

Line No.	DESCRIPTION	[A]	[B]	[C] ORIGINAL COST	[D] FAIR VALUE
1	Adjusted Rate Base			\$ 486,332	\$ 486,332
2					
3	Adjusted Operating Income (Loss)			(1,417)	(1,417)
4					
5	Current Rate of Return (Line 3 /Line 1)			-0.29%	-0.29%
6					
7	Required Operating Income (Line 9 * Line 1)			-	-
8					
9	Required Rate of Return			0.00%	0.00%
10					
11	Operating Income Deficiency (Line 7 - Line 3)			1,417	1,417
12					
13	Gross Revenue Conversion Factor			1.0515	1.0515
14					
15	Increase in Gross Revenue Requirements			\$ -	\$ -
16					
17					
18	Customer	Present	Proposed	Dollar	Percent
19	Classification	Rates	Rates	Increase	Increase
20					
21	Residential			\$ -	0.0%
22	Commercial			-	0.0%
23	Irrigation			-	0.0%
24	Hydrant			-	0.0%
25	Lake			-	0.0%
26	Non-Potable (Raw Water)			-	0.0%
27					
28	Total of Water Revenues	\$ -	\$ -	\$ -	0.0%
29					
30	Miscellaneous Revenues	\$ -	\$ -	\$ -	0.0%
31					
32	Total Operating Revenues	\$ -	\$ -	\$ -	0.0%
33					
34	Total Adjusted Revenues (Schedule C-1)	\$ -	\$ -	\$ -	0.0%
35					
36					
37	<u>Supporting Schedules:</u>				
38	B-1				
39	C-1				
40	C-3				
41	H-1				

**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

## Summary of Results of Operations

Schedule A-2

Line No.	Description	Prior Years Ended		Test Year		Projected Year	
		12/31/2017	12/31/2018	Actual 12/31/2019	Adjusted 12/31/2019	Present Rates 12/31/2021	Proposed Rates 12/31/2021
1	Gross Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2							
3	Revenue Deductions and						
4	Operating Expenses	105,525	2,261	1,417	1,417	1,417	1,417
5							
6	Operating Income	(105,525)	(2,261)	(1,417)	(1,417)	(1,417)	(1,417)
7							
8	Other Income and Deductions	-	-	-	-	-	-
9							
10	Interest Expense	-	-	-	-	-	-
11							
12	Net Income	(105,525)	(2,261)	(1,417)	(1,417)	(1,417)	(1,417)
13							
14	Common Shares	-	-	-	-	-	-
15							
16	Earned Per Average						
17	Common Share	NA	NA	NA	NA	NA	NA
18							
19	Dividends Per						
20	Common Share	NA	NA	NA	NA	NA	NA
21							
22	Payout Ratio	NA	NA	NA	NA	NA	NA
23							
24	Return on Average						
25	Invested Capital	NA	NA	NA	NA	NA	NA
26							
27	Return on Year End						
28	Capital	NA	NA	NA	NA	NA	NA
29							
30	Return on Average						
31	Common Equity	NA	NA	NA	NA	NA	NA
32							
33	Return on Year End						
34	Common Equity	NA	NA	NA	NA	NA	NA
35							
36	Times Bond Interest Earned						
37	Before Income Taxes	NA	NA	NA	NA	NA	NA
38							
39	Times Total Interest and						
40	Preferred Dividends Earned						
41	After Income Taxes	NA	NA	NA	NA	NA	NA
42							
43							
44	<u>Supporting Schedules:</u>						
45	E-2						
46	C-1						
47	F-1						



**Balterra Sewer, LLC**

Schedule A-3

Test Year Ended December 31, 2019

## Summary of Capital Structure

Line No.	Description	Prior Years Ended		Test Year	Projected Year
		12/31/2017	12/31/2018	12/31/2019	12/31/2021
1	Short-Term Debt	\$ -	\$ -	\$ -	\$ -
2					
3	Long-Term Debt	-	-	-	-
4					
5	Total Debt	-	-	-	-
6					
7	Preferred Stock	-	-	-	-
8					
9	Common Equity	1,658,780	1,658,990	1,658,927	1,658,927
10					
11	Total Capital	1,658,780	1,658,990	1,658,927	1,658,927
12					
13	Capitalization Ratios:				
14					
15	Short-Term Debt	-	-	-	-
16					
17	Long-Term Debt	-	-	-	-
18					
19	Total Debt	-	-	-	-
20					
21	Preferred Stock	-	-	-	-
22					
23	Common Equity	100%	100%	100%	100%
24					
25	Total Capital	100%	100%	100%	100%
26					
27	Weighted Cost of				
28	Short-Term Debt	-	-	-	-
29					
30	Weighted Cost of				
31	Long-Term Debt	-	-	-	-
32					
33	Weighted Cost of				
34	Senior Debt	-	-	-	-
35					
36					
37	<u>Supporting Schedules:</u>				
38	E-1				
39	D-1				

**Balterra Sewer, LLC**

Schedule A-4

Test Year Ended December 31, 2019

**Construction Expenditures and Gross Utility Plant Placed in Service**

Line No.			Construction Expenditures	Net Plant Placed In Service	Gross Utility Plant In Service
1	Prior Year Ended	12/31/2017	\$ -	\$ -	\$ -
2					
3	Prior Year Ended	12/31/2018	-	-	-
4					
5	Test Year Ended	12/31/2019	-	-	-
6					
7	Projected Year Ended	12/31/2020	-	-	-
8					
9					
10					
11					
12					
13	<u>Supporting Schedules:</u>				
14	F-3				
15	E-5				

## Balterra Sewer, LLC

Schedule A-5

Test Year Ended December 31, 2019

Comparative Statement of Changes in Financial Position

Line No.		Prior Years Ended		Test Year 12/31/2019	Projected Year	
		12/31/2017	12/31/2018		Present Rates 12/31/2020	Proposed Rates 12/31/2020
1						
2	<b>Operating Activities</b>					
3	Net income (loss)	\$ (105,525)	\$ (2,261)	\$ (1,417)	\$ (1,417)	\$ (1,417)
4	<b>Adjustment to reconcile net income (loss)</b>					
5	Deferred compensation	-	-	-	-	-
6	Depreciation	-	-	-	-	-
7	Amortization	-	-	-	-	-
8	Amortization of deferred debt issuance costs and discounts	-	-	-	-	-
9	Write-off of debt issuance costs	-	-	-	-	-
10	Gain on sale of 303 contracts	-	-	-	-	-
11	(Gain) Loss on Equity Investment	-	-	-	-	-
12	Other gains and losses	-	-	-	-	-
13	(Gain) Loss on disposal of fixed assets	-	-	-	-	-
14	Loss on Sale of Willow Valley	-	-	-	-	-
15	Provision for doubtful accounts receivable	-	-	-	-	-
16	Deferred income tax (benefit) expense	-	-	-	-	-
17	Accounts receivables	-	-	-	-	-
18	Other Receivables	103,215	(375)	63	63	63
19	Accrued revenue	-	-	-	-	-
20	Infrastructure coordination and financing fee receivable	-	-	-	-	-
21	Income taxes receivable	-	-	-	-	-
22	Other current assets	1,810	3,137	1,354	1,354	1,354
23	Accounts payable and other current liabilities	500	(500)	-	-	-
24	Other noncurrent assets	-	-	-	-	-
25	Other noncurrent liabilities	-	-	-	-	-
26	Deferred revenue and prepaid ICFA fees	-	-	-	-	-
27	<b>Net cash (used) provided by operating activities</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
28						
29	<b>Investing Activities</b>					
30	Capital expenditures	-	-	-	-	-
31	Proceeds from the sale of Willow Valley	-	-	-	-	-
32	Proceeds from sale of fixed and intangible assets	-	-	-	-	-
33	(Deposits) withdrawals of restricted cash	-	-	-	-	-
34	Deposits	-	-	-	-	-
35	Advance in aid of construction release	-	-	-	-	-
36	<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
37						
38	<b>Financing Activities</b>					
39	Proceeds from bond	-	-	-	-	-
40	Deposits in bond service fund	-	-	-	-	-
41	Proceeds withdrawn from bond service fund	-	-	-	-	-
42	Repayments of bond debt	-	-	-	-	-
43	(Deposit into)/ redemption from escrow for debt service	-	-	-	-	-
44	Loan borrowings	-	-	-	-	-
45	Loan repayments	-	-	-	-	-
46	Principal payments under capital lease	-	-	-	-	-
47	Payment of Sonoran acquisition liability	-	-	-	-	-
48	Acquisition of utilities, deferred acquisition payments	-	-	-	-	-
49	Financing costs paid	-	-	-	-	-
50	Debt issuance costs paid	-	-	-	-	-
51	Advances in aid of construction	-	-	-	-	-
52	Dividends Paid	-	-	-	-	-
53	Proceeds from sale of stock	-	-	-	-	-
54	Contributions in aid of construction under ICFA agreements	-	-	-	-	-
55	Payments of offering costs for sale of stock	-	-	-	-	-
56	Refunds of advances for construction	-	-	-	-	-
57	<b>Net cash (used) provided by financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
58	<b>Net change in cash</b>	<b>0</b>	<b>1</b>	<b>-</b>	<b>0</b>	<b>0</b>
59						
60	Supporting Schedules					
61	E-3					
62	F-2					

**Balterra Sewer, LLC**

Schedule B-1

Test Year Ended December 31, 2019

**Summary of Fair Value Rate Base**

Line No.		Original Cost Rate Base As Filed
1	Plant in Service	\$ 276,703
2	Less: Accumulated Depreciation	-
3		
4	Net Plant in Service	276,703
5		
6	<u>LESS:</u>	
7	Net CIAC	-
8	Advances in Aid of Construction (AIAC)	-
9	Customer Deposits	-
10	Deferred Income Tax Credits	-
11		
12	<u>ADD:</u>	
13	Unamortized Finance Charges	
14	Deferred Tax Assets	209,629
15	Working Capital	
16	Utility Plant Acquisition Adjustment	
17		
18	Original Cost Rate Base	\$ 486,332
19		
20		
21	<u>Supporting Schedules:</u>	
22	B-2	
23	B-3	
24	E-1	
25	B-5	

**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

Detail Plant in Service

Schedule B-2

Page 1 of 2

Line No.	A Actual Test Year End	B PTYP Adjustment 1 B.2.1	C Adjustment 2 B.2.2	D Adjustment 3 B.2.3	E Adjustment 4 B.2.4	F Adjustment 5 B.2.5	G Adjustment 6 B.2.6	H Adjusted Test Year As Filed
1	Utility Plant in Service							
2	351 Organization	-						-
3	352 Franchises	-						-
4	353 Land and Land Rights	276,703						276,703
5	354 Structures and Improvements	-						-
6	355 Power Generation Equipment	-						-
7	360 Collections Wastewater - Force	-						-
8	361 Collections Wastewater - Gravity	-						-
9	362 Special Collecting Structures	-						-
10	363 Services to Customers	-						-
11	364 Flow Measuring Devices	-						-
12	365 Flow Measuring Installations	-						-
13	366 Reuse Services	-						-
14	367 Reuse Meters & Meter Installations	-						-
15	370 Receiving Wells	-						-
16	371 Pumping Equipment	-						-
17	374 Reuse Distribution Reservoirs	-						-
18	375 Reuse Trans. And Distr. Equipment	-						-
19	380 Treatment and Disposal Equipment	-						-
20	381 Plant Sewers	-						-
21	382 Outfall Sewer Lines	-						-
22	389 Other Plant and Misc. Equipment	-						-
23	390 Office Furniture and Equipment	-						-
24	390.1 Computer & Software	-						-
25	391 Transportation Equipment	-						-
26	392 Stores Equipment	-						-
27	393 Tools, Shop and Garage Equipment	-						-
28	394 Laboratory Equipment	-						-
29	395 Power Operated Equipment	-						-
30	396 Communication Equipment	-						-
31	397 Miscellaneous Equipment	-						-
32	398 Other Tangible Plant	-						-
33								-
34								-
35								-
36	Total Utility Plant in Service	276,703	-	-	-	-	-	276,703
37								
38	107 Construction Work in Progress	1,172,595						1,172,595
39								
40	Total Plant	1,449,298	-	-	-	-	-	1,449,298
41								
42	Total Accum. Depreciation	-						-
43								
44	Total Net Plant	1,449,298	-	-	-	-	-	1,449,298

[illegible]



**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

Schedule B-3

**Schedule B-3 RCND Rate Base Pro forma**

LINE NO.

- |   |  |
|---|--|
| 1 | The Company has opted not to perform a RCND study and adopts its |
| 2 | original cost rate base as the fair value rate base.             |
| 3 |  |
| 4 |  |
| 5 |  |
| 6 |  |

**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

Schedule B-4

**Schedule B-4 RCND By Major Plant Account**

LINE NO.

- |   |  |
|---|--|
| 1 | The Company has opted not to perform a RCND study and adopts its |
| 2 | original cost rate base as the fair value rate base.             |
| 3 |  |
| 4 |  |
| 5 |  |
| 6 |  |

**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

## Schedule B-5 Computation of Working Capital

Schedule B-5

Page 1 of 2

LINE NO.

			Revenue	Expense Lag	Net Lag	Lead / Lag	Working
	Operating Expenses	Test Year Results	Lag Days	Days	Days	Factor	Cash Requirement
1							
2							
3	Purchased Power	\$ 1,644,009	\$ 39	\$ 24	\$ 16	\$ 0	\$ 71,683
4	Payroll	5,849,624	39	9	31	0	492,369
5	Chemicals	265,021	39	17	22	0	16,221
6	Property & Liability Insurance	280,025	39	2	37	0	28,546
7	Worker's Compensation Insurance	90,650	39	(69)	108	0	26,932
8	Medical, Vision, Dental, LTD & Life Insurance	642,050	39	3	36	0	63,543
9	Other O&M (Excluding Rate Case Expense)	1,053,862	39	38	1	0	3,028
10	Federal Income Taxes	86,375	39	38	2	0	463
11	State Income Taxes	141,000	39	38	2	0	757
12	FICA Taxes	371,590	39	9	31	0	31,277
13	FUTA & SUTA Taxes	4,979	39	9	31	0	419
14	Property Taxes	2,165,582	39	180	(140)	(0)	(831,277)
15	Registration, Svc. Contracts, & Misc. Fees	1,683,381	39	34	5	0	24,643
16	Retirement Annuities (401k)	163,492	39	66	(26)	(0)	(11,665)
17							
18	Total	\$ 14,441,639					\$ (83,060)
19							
20							
21	Supporting Schedules						Recap Schedules
22	(a) E-1						B-1

**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

## Schedule B-5 Computation of Working Capital

Schedule B-5

Page 2 of 2

LINE NO.

	Total Working Cash		2019 Year End	Percent Allocation	Allocation of Working Capital
1	Requirement	Company	Counts		
2	\$ (83,060)	Palo Verde	21,109	46.1%	\$ (38,307)
3		Santa Cruz	21,357	46.7%	(38,757)
4		North Scottsdale	92	0.2%	(167)
5		Tonopah	413	0.9%	(749)
6		Eagletail	57	0.1%	(103)
7		Turner Ranches	963	2.1%	(1,748)
8		Red Rock Sewer	883	1.9%	(1,602)
9		Red Rock Water	896	2.0%	(1,626)
10			45,770		
11					
12		Palo Verde RRS Consolidated			(39,909)
13		Santa Cruz RRW Consolidated			(40,383)

## Balterra Sewer, LLC

Test Year Ended December 31, 2019

Adjusted Test Year Income Statement

Schedule C-1

Line No.		[A] Actual Test Year	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Proposed Rate Increase	[E] Adjusted With Rate Increase
1	<b>Operating Revenue</b>					
2	521 Flat Rate Revenues	-	-	-	-	-
3	522 Measured Revenues	-	-	-	-	-
4	534 Rents from Wastewater Property	-	-	-	-	-
5	536 Other Wastewater Revenues	-	-	-	-	-
6		-	-	-	-	-
7		-	-	-	-	-
8	<b>Total Revenues</b>	-	-	-	-	-
9						
10	<b>Operating Expenses</b>					
11	701 Salaries and Wages	-	-	-	-	-
12	704 Employee Pensions and Benefits	-	-	-	-	-
13	710 Purchased Wastewater Treatment	-	-	-	-	-
14	711 Sludge Removal Expense	-	-	-	-	-
15	715 Purchased Power	-	-	-	-	-
16	716 Fuel for Power Production	-	-	-	-	-
17	718 Chemicals	-	-	-	-	-
18	720 Materials and Supplies	-	-	-	-	-
19	720.1 Repairs and Maintenance	-	-	-	-	-
20	720.2 Office Supplies and Expense	-	-	-	-	-
21	721 Office Expense	-	-	-	-	-
22	731 Contractual Services - Engineering	-	-	-	-	-
23	732 Contractual Services - Accounting	-	-	-	-	-
24	733 Contractual Services - Legal	-	-	-	-	-
25	734 Contractual Services - Management Fees	-	-	-	-	-
26	735 Contractual Services - Testing	-	-	-	-	-
27	736 Contractual Services - Other	-	-	-	-	-
28	740 Rents - Building	-	-	-	-	-
29	742 Rents - Equipment	-	-	-	-	-
30	750 Transportation Expenses	-	-	-	-	-
31	756 Insurance - Vehicle	-	-	-	-	-
32	757 Insurance - General Liability	-	-	-	-	-
33	758 Insurance - Worker's Compensation	-	-	-	-	-
34	759 Insurance - Other	-	-	-	-	-
35	760 Advertising Expense	-	-	-	-	-
36	766 Regulatory Commission Expense - Rate Case	-	-	-	-	-
37	767 Regulatory Commission Expense - Other	-	-	-	-	-
38	770 Bad Debt Expense	-	-	-	-	-
39	775 Miscellaneous Expense	500	-	500	-	500
40	403 Depreciation Expense	-	-	-	-	-
41	408 Taxes Other Than Income	-	-	-	-	-
42	408.11 Property Taxes	882	-	882	-	882
43	408.12 Payroll Taxes	-	-	-	-	-
44	408.13 Other Taxes and Licenses	-	-	-	-	-
45	409 Income Taxes	35	-	35	-	35
46	<b>Total Operating Expenses</b>	1,417	-	1,417	-	1,417
47						
48	<b>Operating Income / (Loss)</b>	(1,417)	-	(1,417)	-	(1,417)
49						
50	<b>Other Income / (Expense)</b>					
51	414 Gain/Loss on Dispositions	-	-	-	-	-
52	419 Interest and Dividend Income	-	-	-	-	-
53	421 Non-Utility Income	-	-	-	-	-
54	426 Miscellaneous Non-Utility (Expense)	-	-	-	-	-
55	427 Interest (Expense)	-	-	-	-	-
56	<b>Total Other Income / (Expense)</b>	-	-	-	-	-
57						
58	<b>Net Income / (Loss)</b>	(1,417)	-	(1,417)	-	(1,417)

Balterra Sewer, LLC  
Test Year Ended December 31, 2019  
Adjusted Test Year Income Statement

Schedule C-2

Line No.	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
	Actual Test Year	Adjustment 1 Bad Debt C.2.1	Adjustment 2 Property Tax C.2.2	Adjustment 3 Income Tax C.2.3	Adjustment 4 BLANK C.2.4	Adjustment 5 Depreciation C.2.5	Adjustment 6 Payroll C.2.6	Adjustment 7 Bonus Exclud C.2.7	Adjustment 8 FATHOM C.2.8	Adjustment 9 Half Yr Conv C.2.9	Adjustment 10 C.2.10	Adjustment 11 C.2.11	Adjustment 12 C.2.12	Adjustment 13 C.2.13	Adjustment 14 C.2.14	Adjustment 15 C.2.15	Adjusted Test Year As Filed	Adjustment 16 Bad Debt C.2.1	Adjustment 17 Property Tax C.2.2	Adjustment 18 Income Tax C.2.3	Adjustment 19 Revenue Increase A-1	Adjustment 20 Income Tax	Adjusted With Rate Increase
1	Operating Revenue																						
2	521 Flat Rate Revenues	-																-					-
3	522 Measured Revenues	-																-					-
4	534 Rents from Wastewater Property	-																-					-
5	536 Other Wastewater Revenues	-																-					-
6		-																-					-
7		-																-					-
8	Total Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9																							
10	Operating Expenses																						
11	701 Salaries and Wages	-																-					-
12	704 Employee Pensions and Benefits	-																-					-
13	710 Purchased Wastewater Treatment	-																-					-
14	711 Sludge Removal Expense	-																-					-
15	715 Purchased Power	-																-					-
16	716 Fuel for Power Production	-																-					-
17	718 Chemicals	-																-					-
18	720 Materials and Supplies	-																-					-
19	720.1 Repairs and Maintenance	-																-					-
20	720.2 Office Supplies and Expense	-																-					-
21	721 Office Expense	-																-					-
22	731 Contractual Services - Engineering	-																-					-
23	732 Contractual Services - Accounting	-																-					-
24	733 Contractual Services - Legal	-																-					-
25	734 Contractual Services - Management Fees	-																-					-
26	735 Contractual Services - Testing	-																-					-
27	736 Contractual Services - Other	-																-					-
28	740 Rents - Building	-																-					-
29	742 Rents - Equipment	-																-					-
30	750 Transportation Expenses	-																-					-
31	756 Insurance - Vehicle	-																-					-
32	757 Insurance - General Liability	-																-					-
33	758 Insurance - Worker's Compensation	-																-					-
34	759 Insurance - Other	-																-					-
35	760 Advertising Expense	-																-					-
36	766 Regulatory Commission Expense - Rate Case	-																-					-
37	767 Regulatory Commission Expense - Other	-																-					-
38	770 Bad Debt Expense	-																-					-
39	775 Miscellaneous Expense	500																500					500
40	403 Depreciation Expense (From Schedule AR4)	-																-					-
41	408 Taxes Other Than Income	-																-					-
42	408.11 Property Taxes	882																882					882
43	408.12 Payroll Taxes	-																-					-
44	408.13 Other Taxes and Licenses	-																-					-
45	409 Income Taxes	35																35					35
46	Total Operating Expenses	1,417	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,417	-	-	-	-	-	1,417
47																							
48	Operating Income / (Loss)	(1,417)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,417)	-	-	-	-	-	(1,417)
49																							
50	Other Income / (Expense)																						
51	414 Gain/Loss on Dispositions	-																-					-
52	419 Interest and Dividend Income	-																-					-
53	421 Non-Utility Income	-																-					-
54	426 Miscellaneous Non-Utility (Expense)	-																-					-
55	427 Interest (Expense)	-																-					-
56	Total Other Income / (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57																							
58	Net Income / (Loss)	(1,417)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,417)	-	-	-	-	-	(1,417)



**Balterra Sewer, LLC**

Test Year Ended December 31, 2019  
Adjusted Test Year Income Statement

Schedule C-3

Page 1 of 2

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	4.9000%
2	Uncollectible Revenue Effective Rate	0.0000%
3	Property Taxes Effective Rate	0.0000%
4	Total Tax Percentage	4.9000%
5		
6	Operating Income % = 100% - Tax Percentage	95.1000%
7		
8		
9		
10		
11	<u>1</u> = Gross Revenue Conversion Factor	
12	Operating Income %	1.051525
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
24	C-3, page 2	A-1

Balterra Sewer, LLC  
 Test Year Ended December 31, 2019  
 Adjusted Test Year Income Statement

Schedule C-3  
 Page 2 of 2

## GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	4.9000%					
5	Subtotal (L3 - L4)	95.1000%					
6	<b>Revenue Conversion Factor (L1 / L5)</b>	<b>1.051525</b>					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	4.9000%					
9	One Minus Combined Income Tax Rate (L7 - L8)	95.1000%					
10	Uncollectible Rate	0.0000%					
11	<b>Uncollectible Factor (L9 * L10)</b>		<b>0.0000%</b>				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	4.9000%					
14	Federal Taxable Income (L12 - L13)	95.1000%					
15	Applicable Federal Income Tax Rate (L55 Col F)	0.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	0.0000%					
17	<b>Combined Federal and State Income Tax Rate (L13 + L16)</b>		<b>4.9000%</b>				
<u>Calculation of Effective Property Tax Factor:</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	4.9000%					
20	One Minus Combined Income Tax Rate (L18-L19)	95.1000%					
21	Property Tax Factor	0.0000%					
22	<b>Effective Property Tax Factor (L20*L21)</b>		<b>0.0000%</b>				
23	<b>Combined Federal and State Income Tax and Property Tax Rate (L17+L22)</b>			<b>4.9000%</b>			
24	Required Operating Income	\$ -					
25	Adjusted Test Year Operating Income (Loss)	\$ (1,417)					
26	<b>Required Increase in Operating Income (L24 - L25)</b>		<b>\$ 1,417</b>				
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$ (6,150)					
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$ (6,150)					
29	<b>Required Increase in Revenue to Provide for Income Taxes (L27 - L28)</b>		<b>\$ -</b>				
30	Recommended Revenue Requirement	\$ -					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	<b>Required Increase in Revenue to Provide for Uncollectible Exp.</b>		<b>\$ -</b>				
35	Property Tax with Recommended Revenue	\$ -					
36	Property Tax on Test Year Revenue	\$ -					
37	<b>Increase in Property Tax Due to Increase in Revenue (L35-L36)</b>		<b>\$ -</b>				
38	<b>Total Required Increase in Revenue (L26 + L29 + L37)</b>		<b>\$ 1,417</b>				

	(A)	(B)	(C)	(D)	(E)	(F)
	Test Year			Company Recommended		
	Total		Water	Total		Water
39	Revenue	\$ -	\$ -	\$ -		\$ -
40	Operating Expenses Excluding Income Taxes	1,382	1,382	1,382		1,382
41	Synchronized Interest (L47)	23,344	23,344	23,344		23,344
42	Arizona Taxable Income (L39 - L40 - L41)	\$ (24,726)	\$ (24,726)	\$ (24,725)		\$ (24,726)
43	Arizona State Effective Income Tax Rate	4.9000%	4.9000%	4.9000%		4.9000%
44	Arizona Income Tax (L42 x L43)	\$ (1,212)	\$ (1,212)	\$ (1,212)		\$ (1,212)
45	Federal Taxable Income (L42- L44)	\$ (23,514)	\$ (23,514)	\$ (23,513)		\$ (23,514)
46	Federal Tax Rate	21.0000%	21.00%	21.00%		21.00%
47	Federal Income Taxes	\$ (4,938)	\$ (4,938)	\$ (4,938)		\$ (4,938)
48						
49						
50						
51						
52						
53	Total Federal Income Tax	\$ (4,938)	\$ (4,938)	\$ (4,938)		\$ (4,938)
54	Combined Federal and State Income Tax (L35 + L42)	\$ (6,150)	\$ (6,150)	\$ (6,149)		\$ (6,150)
55	COMBINED Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53] / [Col. (D), L45 - Col. (A), L45]			21.0000%		
56						
57	WATER Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / [Col. (F), L45 - Col. (C), L45]			0.0000%		

Calculation of Interest Synchronization:

58	Rate Base	Water
59	Weighted Average Cost of Debt	\$ 486,332
60	Synchronized Interest (L59 X L60)	4.80%
		\$ 23,344

**Balterra Sewer, LLC**

Schedule D-1

Test Year Ended December 31, 2019

Summary Cost of Capital

Line No.	Description	End of Test Year - Actual			
		Dollar Amount	Percent of Total	Rate of Return	Weighted Return
1					
2	Short-Term Debt	\$ -	0.00%	0.00%	0.00%
3					
4	Long-Term Debt	-	0.00%	0.00%	0.00%
5					
6	Common Equity	1,658,927	100.00%	-0.09%	-0.09%
7					
8	Totals	<u>\$ 1,658,927</u>	<u>100.00%</u>		<u>-0.09%</u>

9									
10									
11		End of Test Year - Proposed				End of Projected Year - Proposed Rates			
12		Dollar Amount	Percent of Total	Rate of Return	Weighted Cost	Dollar Amount	Percent of Total	Rate of Return	Weighted Cost
13									
14									
15	Short-Term Debt	\$ -	0.00%	0.00%	0.00%	\$ -	0.00%	0.00%	0.00%
16									
17	Long-Term Debt	-	0.00%	0.00%	0.00%	-	0.00%	0.00%	0.00%
18									
19	Common Equity	1,658,927	100.00%	0.00%	0.00%	1,658,927	100.00%	0.00%	0.00%
20									
21	Totals	<u>\$ 1,658,927</u>	<u>100.00%</u>		<u>0.00%</u>	<u>\$ 1,658,927</u>	<u>100.00%</u>		<u>0.00%</u>

Balterra Sewer, LLC  
Test Year Ended December 31, 2019  
Cost of Debt

Schedule D-2

Line No.		End of Test Year - Actual		
1		Amount	Interest	
2		Outstanding	Rate	
3				
4	Long-Term Debt	-	NA	
5				
6	Short-Term Debt	-	NA	
7				
8				
9				
10				
11		End of Test Year - Proposed		End of Projected Year - Proposed Rates
12		Amount	Interest	Amount
13		Outstanding (*)	Rate	Outstanding
14	Long-Term Debt	-	NA	-
15				
16	Short-Term Debt	-	NA	-

**Balterra Sewer, LLC**  
Test Year Ended December 31, 2019  
Cost of Preferred Stock

Schedule D-3

Line No.	
1	Schedule D-3 is not applicable as there is no preferred stock issued or outstanding in any of the utilities involved in this rate case.
2	
3	
4	
5	
6	
7	
8	
9	
10	

**Balterra Sewer, LLC**

Schedule E-1

Test Year Ended December 31, 2019

Comparative Balance Sheets

Line No.	Account No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
		<b>Assets</b>			
1		Current and Accrued Assets			
2	131	Cash	-	-	-
3	132	Special Deposits	-	-	-
4	133	Other Special Deposits	-	-	-
5	134	Working Funds	-	-	-
6	135	Temporary Cash Investments	-	-	-
7	141	Customer Accounts Receivable	-	-	-
8	142	Other Accounts Receivable	-	-	-
9	143	Accumulated Provision for Uncollectable Accounts	-	-	-
10	146	Notes Receivable from Associated Companies	-	-	-
11	151	Plant Material and Supplies	-	-	-
12	162	Prepayments	-	-	666
13	173	Accrued Utility Revenue	-	-	-
14	174	Miscellaneous Current and Accrued Assets	-	-	-
15		<b>Total Current Assets</b>	-	-	666
16					
17		<b>Fixed Assets</b>			
18	101	Utility Plant in Service*	276,703	276,703	276,703
19	105	Construction Work in Progress	1,172,595	1,172,595	1,172,595
20	108	Accumulated Depreciation	-	-	-
21	121	Non-Utility Property	-	-	-
22	122	Accumulated Depreciation - Non Utility	-	-	-
23		<b>Total Fixed Assets</b>	1,449,298	1,449,298	1,449,298
24					
25		<b>Other Fixed Assets</b>			
26	114	Utility Plant Acquisition Adjustment	-	-	-
27		<b>Total Other Fixed Assets</b>	-	-	-
28					
29		<b>Deferred Debits</b>			
30	190	Accumulated Deferred Income Taxes	209,629	209,691	209,316
31		<b>Total Deferred Debits</b>	209,629	209,691	209,316
32					
33		<b>Total Assets</b>	1,658,927	1,658,990	1,659,280
34					
35		<b>Liabilities and Stockholders' Equity</b>			
36					
37	231	Accounts Payable	-	-	500
38	232	Notes Payable (Current Portion)	-	-	-
39	234	Notes Payable to Associated Companies	-	-	-
40	235	Customer Deposits	-	-	-
41	236	Accrued Taxes	-	-	-
42	237	Accrued Interest	-	-	-
43	241	Miscellaneous Current and Accrued Liabilities	-	-	-
44	253	Other Deferred Credits	-	-	-
45		<b>Total Current Liabilities</b>	-	-	500
46					
47	252	Advances in Aid of Construction	-	-	-
48	253	Other Deferred Credits	-	-	-
49	255	Accumulated Deferred Investment Tax Credits	-	-	-
50	271	Contributions in Aid of Construction	-	-	-
51	272	Less: Amortization of Contributions	-	-	-
52	281	Accumulated Deferred Income Tax	-	-	-
53		<b>Total Deferred Credits</b>	-	-	-
54					
55		<b>Total Liabilities and Deferred Credits</b>	-	-	500
56					
57	201	Common Stock Issued	-	-	-
58	211	Other Paid-In Capital	1,741,719	1,740,365	1,737,894
59	215	Unappropriated Retained Earnings	(82,792)	(81,375)	(79,114)
60	218	Proprietary Capital (Sole Props and Partnerships)	-	-	-
61		<b>Total Members' Equity</b>	1,658,927	1,658,990	1,658,780
62					
63		<b>Total Liabilities and Stockholders' Equity</b>	1,658,927	1,658,990	1,659,280



**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

Comparative Income Statements

Schedule E-2

Line No.		Test Year Ended 12/31/2019	Test Year Ended 12/31/2018	Test Year Ended 12/31/2017
1	<b>Operating Revenue</b>			
2	521 Flat Rate Revenues	-	-	-
3	522 Measured Revenues	-	-	-
4	534 Rents from Wastewater Property	-	-	-
5	536 Other Wastewater Revenues	-	-	-
6				
7				
8	<b>Total Revenues</b>	-	-	-
9				
10	<b>Operating Expenses</b>			
11	701 Salaries and Wages	-	-	-
12	704 Employee Pensions and Benefits	-	-	-
13	710 Purchased Wastewater Treatment	-	-	-
14	711 Sludge Removal Expense	-	-	-
15	715 Purchased Power	-	-	-
16	716 Fuel for Power Production	-	-	-
17	718 Chemicals	-	-	-
18	720 Materials and Supplies	-	-	-
19	720.1 Repairs and Maintenance	-	-	-
20	720.2 Office Supplies and Expense	-	-	-
21	721 Office Expense	-	-	-
22	731 Contractual Services -Engineering	-	-	-
23	732 Contractual Services - Accounting	-	-	-
24	733 Contractual Services - Legal	-	89	76
25	734 Contractual Services - Management Fees	-	-	-
26	735 Contractual Services - Testing	-	-	-
27	736 Contractual Services - Other	-	-	-
28	740 Rents - Building	-	-	-
29	Intentionally Left Blank	-	-	-
30	742 Rents - Equipment	-	-	-
31	750 Transportation Expenses	-	-	-
32	756 Insurance - Vehicle	-	-	-
33	757 Insurance - General Liability	-	-	-
34	758 Insurance - Worker's Compensation	-	-	-
35	759 Insurance - Other	-	-	-
36	760 Advertising Expense	-	-	-
37	766 Regulatory Commission Expense - Rate Case	-	-	-
38	767 Regulatory Commission Expense - Other	-	-	-
39	770 Bad Debt Expense	-	-	-
40	775 Miscellaneous Expense	500	1,672	1,388
41	403 Depreciation Expense	-	-	-
42	408 Taxes Other Than Income	-	-	-
43	408.11 Property Taxes	882	877	844
44	408.12 Payroll Taxes	-	-	-
45	408.13 Other Taxes and Licenses	-	-	-
46	409 Income Taxes	35	(377)	103,217
47	<b>Total Operating Expenses</b>	1,417	2,261	105,525
48				
49	<b>Operating Income / (Loss)</b>	(1,417)	(2,261)	(105,525)
50				
51	<b>Other Income / (Expense)</b>			
52	414 Gain/Loss on Dispositions	-	-	-
53	419 Interest and Dividend Income	-	-	-
54	421 Non-Utility Income	-	-	-
55	426 Miscellaneous Non-Utility (Expense)	-	-	-
56	427 Interest (Expense)	-	-	-
57	<b>Total Other Income / (Expense)</b>	-	-	-
58				
59	<b>Net Income / (Loss)</b>	(1,417)	(2,261)	(105,525)

**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

Comparative Statement of Changes in Financial Position

Schedule E-3

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1	<b>Operating Activities</b>			
2	Net income (loss)	\$ (1,417)	\$ (2,261)	\$ (105,525)
3	<b>Adjustment to reconcile net income (loss)</b>			
4	Deferred compensation	-	-	-
5	Depreciation	-	-	-
6	Amortization	-	-	-
7	Amortization of deferred debt issuance costs and discou	-	-	-
8	Write-off of debt issuance costs	-	-	-
9	Gain on sale of 303 contracts	-	-	-
10	(Gain) Loss on Equity Investment	-	-	-
11	Other gains and losses	-	-	-
12	(Gain) Loss on disposal of fixed assets	-	-	-
13	Loss on Sale of Willow Valley	-	-	-
14	Provision for doubtful accounts receivable	-	-	-
15	Deferred income tax (benefit) expense	-	-	-
16	Accounts receivables	-	-	-
17	Other Receivables	63	(375)	103,215
18	Accrued revenue	-	-	-
19	Infrastructure coordination and financing fee receivable	-	-	-
20	Income taxes receivable	-	-	-
21	Other current assets	1,354	3,137	1,810
22	Accounts payable and other current liabilities	-	(500)	500
23	Other noncurrent assets	-	-	-
24	Other noncurrent liabilities	-	-	-
25	Deferred revenue and prepaid ICFA fees	-	-	-
26	<b>Net cash (used) provided by operating activities</b>	<b>0</b>	<b>1</b>	<b>0</b>
27				
28	<b>Investing Activities</b>			
29	Capital expenditures	-	-	-
30	Proceeds from the sale of Willow Valley	-	-	-
31	Proceeds from sale of fixed and intangible assets	-	-	-
32	(Deposits) withdrawals of restricted cash	-	-	-
33	Deposits	-	-	-
34	Advance in aid of construction release	-	-	-
35	<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
36				
37	<b>Financing Activities</b>			
38	Proceeds from bond	-	-	-
39	Deposits in bond service fund	-	-	-
40	Proceeds withdrawn from bond service fund	-	-	-
41	Repayments of bond debt	-	-	-
42	(Deposit into)/ redemption from escrow for debt service	-	-	-
43	Loan borrowings	-	-	-
44	Loan repayments	-	-	-
45	Principal payments under capital lease	-	-	-
46	Payment of Sonoran acquisition liability	-	-	-
47	Acquisition of utilities, deferred acquisition payments	-	-	-
48	Financing costs paid	-	-	-
49	Debt issuance costs paid	-	-	-
50	Advances in aid of construction	-	-	-
51	Dividends Paid	-	-	-
52	Proceeds from sale of stock	-	-	-
53	Contributions in aid of construction under ICFA agreeme	-	-	-
54	Payments of offering costs for sale of stock	-	-	-
55	Refunds of advances for construction	-	-	-
56	<b>Net cash (used) provided by financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
57	<b>Net change in cash</b>	<b>0</b>	<b>1</b>	<b>0</b>
58				
59				
60				

**Balterra Sewer, LLC**

Schedule E-4

Test Year Ended December 31, 2019

## Statement of Changes in Stockholders' Equity

Line No.		Common Stock		Additional	Retained		
		Shares	Amount	Paid-In-Capital	Earnings	Total	
1							
2	Balance - December 31, 2016	-	\$ -	\$ 1,736,676	\$ (79,114)		
3							
4	Net Income				(105,525)		
5							
6	Dividends Paid				-		-
7							
8	Other/Reclass*			1,218	105,525		106,743
9							
10	Balance - December 31, 2017	-	\$ -	\$ 1,737,894	\$ (79,114)	\$	1,658,780
11							
12	Net Income				(2,261)		
13							
14	Dividends Paid				-		-
15							
16	Other/Reclass*			2,471			
17							
18	Balance - December 31, 2018	-	\$ -	\$ 1,740,365	\$ (81,375)	\$	1,658,990
19							
20	Net Income				(1,417)		
21							
22	Dividends Paid				-		-
23							
24	Other/Reclass*			1,354			1,354
25							
26	Balance - December 31, 2019	-	\$ -	\$ 1,741,719	\$ (82,792)	\$	1,658,927
27	check		-	1,741,719	(82,792)		1,658,927
28							
29	*Intercompany						

**Balterra Sewer, LLC**

Schedule E-5

Test Year Ended December 31, 2019

Detail Plant in Service

Line No.		End of Prior Year 12/31/2018	Net Additions	End of Test Year 12/31/2019
1	Utility Plant in Service			
2	351 Organization	\$ -	\$ -	\$ -
3	352 Franchises	-	-	-
4	353 Land and Land Rights	276,703	-	276,703
5	354 Structures and Improvements	-	-	-
6	355 Power Generation Equipment	-	-	-
7	360 Collections Wastewater - Force	-	-	-
8	361 Collections Wastewater - Gravity	-	-	-
9	362 Special Collecting Structures	-	-	-
10	363 Services to Customers	-	-	-
11	364 Flow Measuring Devices	-	-	-
12	365 Flow Measuring Installations	-	-	-
13	366 Reuse Services	-	-	-
14	367 Reuse Meters & Meter Installations	-	-	-
15	370 Receiving Wells	-	-	-
16	371 Pumping Equipment	-	-	-
17	374 Reuse Distribution Reservoirs	-	-	-
18	375 Reuse Trans. And Distr. Equipment	-	-	-
19	380 Treatment and Disposal Equipment	-	-	-
20	381 Plant Sewers	-	-	-
21	382 Outfall Sewer Lines	-	-	-
22	389 Other Plant and Misc. Equipment	-	-	-
23	390 Office Furniture and Equipment	-	-	-
24	390.1 Computer & Software	-	-	-
25	391 Transportation Equipment	-	-	-
26	392 Stores Equipment	-	-	-
27	393 Tools, Shop and Garage Equipment	-	-	-
28	394 Laboratory Equipment	-	-	-
29	395 Power Operated Equipment	-	-	-
30	396 Communication Equipment	-	-	-
31	397 Miscellaneous Equipment	-	-	-
32	398 Other Tangible Plant	-	-	-
33				
34				
35				
36	Total Utility Plant in Service	\$ 276,703	\$ -	\$ 276,703
37				
38	107 Construction Work in Progress	1,172,595	-	1,172,595
39				
40	Total Plant	1,449,298	-	1,449,298
41				
42	Total Accum. Depreciation	-	-	-
43				
44	Total Net Plant	\$ 1,449,298	\$ -	\$ 1,449,298

**Balterra Sewer, LLC**

Schedule E-6

Test Year Ended December 31, 2019

Comparative Departmental Statements of Operating Income

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1	Operating Revenues			
2	Residential	\$ -	\$ -	\$ -
3	Commercial	-	-	-
4				
5	Total Water Sales	\$ -	\$ -	\$ -
6				
7	Miscellaneous	-	-	-
8				
9	Total Operating Revenues	\$ -	\$ -	\$ -
10				
11	OPERATING EXPENSES:			
12				
13	Operating Expenses (less tax and depreciation)	\$ 500	\$ 1,761	\$ 1,464
14				
15	Depreciation	\$ -	\$ -	\$ -
16				
17	TAXES			
18	Income Taxes	\$ 35	\$ (377)	\$ 103,217
19	Property taxes	882	877	844
20	Other Taxes and Licenses	-	-	-
21				
22				
23	TOTAL TAXES	\$ 917	\$ 500	\$ 104,061
24				
25	Total Operating Expenses	\$ 1,417	\$ 2,261	\$ 105,525
26				
27	Operating Income/(Loss)	\$ (1,417)	\$ (2,261)	\$ (105,525)
28				
29				Recap Schedule
30				E-2

**Balterra Sewer, LLC**

Schedule E-7

Test Year Ended December 31, 2019

## Operating Statistics

Line No.	Wastewater Statistics	Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1				
2	Total Gallons Treated (in thousands)	-	-	-
3				
4	Wastewater Revenues from Customers	-	-	-
5				
6	Year End Number of Customers	-	-	-
7				
8	Annual Gallons (in Thousands)			
9	Treated Per Year End Customer	0.00	0.00	0.00
10				
11	Annual Revenue Per Year End Customer	-	-	-
12				
13	Pumping Costs per Year End Customer	-	-	-
14				
15	Pumping Cos per 1,000 Gallons	-	-	-

**Balterra Sewer, LLC**

Schedule E-8

Test Year Ended December 31, 2019

Taxes Charged to Operations

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1				
2	Federal Taxes			
3	Income	\$ 35	\$ (377)	\$ 103,217
4	FICA (Employer's) *	-	-	-
5	Unemployment *	-	-	-
6	Total Federal Taxes	35	(377)	103,217
7				
8				
9	State Taxes			
10	Income	-	-	-
11	Property	882	877	844
12	Other	-	-	-
13	Unemployment *	-	-	-
14	Total State Taxes	882	877	844
15				
16				
17	Total Taxes to Operations	917	500	104,061
18				
19				
20	* FICA and Unemployment are included with Salaries and Wages on C-1, E-2 and E-6.			

**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

Notes to Financial Statements

Schedule E-9

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Line  
No.

**Following are the significant accounting policies for Global Water. Please note that some of these accounting policies may only be applicable to the parent company, GWRI.**

**Basis of Presentation and Principles of Consolidation**

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The Company prepares its financial statements in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

The Company qualifies as an "emerging growth company", as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), under the rules and regulations of the SEC. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. The Company has elected to take advantage of these provisions for up to five years or such earlier time that the Company is no longer an emerging growth company. The Company has elected to take advantage of some of the reduced disclosure obligations regarding financial statements. Also, as an emerging growth company, the Company can elect to delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has chosen to take advantage of this extended accounting transition provision.

**Significant Accounting Policies***Regulation*

Our regulated utilities and certain other balances are subject to regulation by the ACC and are therefore subject to Accounting Standards Codification Topic 980, *Regulated Operations* ("ASC 980").

*Property, plant, and equipment*

Property, plant, and equipment is stated at cost less accumulated depreciation provided on a straight-line.

Depreciation rates for asset classes of utility property, plant, and equipment are established by the ACC. The cost of additions, including betterments and replacements of units of utility fixed assets are charged to utility property, plant, and equipment. When units of utility property are replaced, renewed, or retired, their cost plus removal or disposal costs, less salvage proceeds, is charged to accumulated depreciation.

For non-utility property, plant, and equipment, depreciation is calculated by the straight-line method over the estimated useful lives of depreciable assets. Cost and accumulated depreciation for non-utility property, plant, and equipment retired or disposed of are removed from the accounts and any resulting gain or loss is included in earnings.

In addition to third party costs, direct personnel costs and indirect construction overhead costs may be capitalized. Interest incurred during the construction period is also capitalized as a component of the cost of the constructed assets, which represents the cost of debt associated with construction activity. Expenditures for maintenance and repairs are charged to expense.

*Revenue Recognition—Water Services*

Water services revenues are recorded when service is rendered, or water is delivered to customers. However, in addition to the monthly basic service charge, the determination and billing of water sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each reporting period, amounts of water delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is recorded.

Water connection fees are the fees associated with the application process to set up a customer to receive utility service on an existing water meter. These fees are approved by the ACC through the regulatory process and are set based on the costs incurred to establish services including the application process, billing setup, initial meter reading, and



**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

Notes to Financial Statements

Schedule E-9

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Line  
No.

1 service transfer. Because the amounts charged for water connection fees are set by our regulator and not  
2 negotiated in conjunction with the pricing of ongoing water service, the connection fees represent the  
3 culmination of a separate earnings process and are recognized when the service is provided.  
4 Meter installation fees are the fees charged to developers or builders associated with installing new water  
5 meters. Certain fees for meters are regulated by the ACC and are refundable to the end customer over a period  
6 of time. Refundable meter installation fees are recorded as a liability upon receipt. These fees are recognized  
7 as revenue when the service is rendered, or when a water meter is installed.

*Revenue Recognition—Wastewater and Recycled Water Services*

10 Wastewater service revenues are generally recognized when service is rendered. Wastewater services are  
11 billed at a fixed monthly amount per connection, and recycled water services are billed monthly based on  
12 volumetric fees.

*Revenue Recognition—Unregulated Revenues*

14 Unregulated Revenues represent those revenues that are not subject to the ratemaking process of the  
15 ACC. Unregulated revenues are limited to rental revenue and imputed revenues resulting from certain  
16 infrastructure coordination and financing agreement arrangements ("ICFAs").

*Allowance for Doubtful Accounts*

18 Provisions are made for doubtful accounts due to the inherent uncertainty around the collectability of accounts  
19 receivable. The allowance for doubtful accounts is recorded as bad debt expense, and is classified as general  
20 and administrative expense. The allowance for doubtful accounts is determined considering the age of the  
21 receivable balance, type of customer (e.g., residential or commercial), payment history, as well as specific  
22 identification of any known or expected collectability issues.

*Cash and Cash Equivalents*

26 Cash and cash equivalents include all highly liquid investments in debt instruments with an original maturity of  
27 three months or less.

*Restricted Cash*

29 Restricted cash represents cash deposited relating to HUF tariffs, asset retirement obligations and pending  
30 legal matters. *Income Taxes*

32 The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and  
33 liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable  
34 to differences between the financial statement carrying amounts of existing assets and liabilities and their  
35 respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply  
36 to taxable income in the years in which those temporary differences are expected to be recovered or settled.  
37 Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely  
38 than not that some portion or all of the deferred tax assets will not be realized.

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**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

Notes to Financial Statements

Schedule E-9

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Line  
No.

We evaluate uncertain tax positions using a two-step approach. Recognition (step one) occurs when we conclude that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that more-likely-than-not will be realized upon settlement. Derecognition of a tax position that was previously recognized would occur when we subsequently determine that a tax position no longer meets the more-likely-than-not threshold of being sustained. The use of a valuation allowance as a substitute for derecognition of tax positions is prohibited, and to the extent that uncertain tax positions exist, we provide expanded disclosures.

*Goodwill*

Goodwill represents the excess purchase price over the fair value of net tangible and identifiable intangible assets acquired through acquisitions. Goodwill is not amortized, it is instead tested for impairment annually, or more often, if circumstances indicate a possible impairment may exist. As required, we evaluate goodwill for impairment annually, and do so as of November 1 of each year, and at an interim date if indications of impairment exist. When testing goodwill for impairment, we may assess qualitative factors, including macroeconomic conditions, industry and market considerations, overall financial performance, and entity specific events to determine whether it is more likely than not that the fair value of an operating and reportable segment is less than its carrying amount. We utilize internally developed discounted future cash flow models, third-party appraisals, or broker valuations to determine the fair value of the reporting unit. Under the discounted cash flow approach, we utilize various assumptions requiring judgment, including projected future cash flows, discount rates, and capitalization rates. Our estimated future cash flows are based on historical data, internal estimates, and external sources. We then compare the estimated fair value to the carrying value. If the carrying value is in excess of the fair value, an impairment charge is recorded to asset impairments within our consolidated statement of operations in the amount by which the reporting unit's carrying value exceeds its fair value, limited to the carrying value of goodwill.

*Intangible Assets*

Intangible assets not subject to amortization consist of certain permits expected to be renewable indefinitely, water rights and certain service areas acquired in transactions which did not meet the definition of business combinations for accounting purposes, and are considered to have indefinite lives. Intangible assets with indefinite lives are not amortized but are tested for impairment annually, or more often if certain circumstances indicate a possible impairment may exist. Amortized intangible assets consist primarily of acquired ICFA contract rights.

*Debt Issuance Costs*

In connection with the issuance of some of our long-term debt, we have incurred legal and other costs that we believe are directly attributable to realizing the proceeds of the debt issued. These costs are netted against long-term debt and amortized as interest expense using the effective interest method over the term of the respective debt.

*Impairment of Long-Lived Assets*

Management evaluates the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If an indicator of possible impairment exists, an undiscounted cash flow analysis would be prepared to determine whether there is an actual impairment. Measurement of the impairment loss is based on the fair value of the asset. Generally, fair value will be determined using appraisals or valuation techniques such as the present value of expected future cash flows.

**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

Notes to Financial Statements

Schedule E-9

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58*Advances and Contributions in Aid of Construction*

The Company has various agreements with developers and builders, whereby funds, water line extensions, or wastewater line extensions are provided to us by the developers and are considered refundable advances for construction. These AIAC are non-interest-bearing and are subject to refund to the developers through annual payments that are computed as a percentage of the total annual gross revenue earned from customers connected to utility services constructed under the agreement over a specified period. Upon the expiration of the agreements' refunding period, the remaining balance of the advance becomes nonrefundable and at that time is considered CIAC. CIAC are amortized as a reduction of depreciation expense over the estimated remaining life of the related utility plant. For rate-making purposes, utility plant funded by AIAC or CIAC are generally excluded from rate base.

*Fair Value of Financial Instruments*

The carrying values of cash equivalents, trade receivables, and accounts payable approximate fair value due to the short-term maturities of these instruments. Portions of these non-interest-bearing instruments are payable annually through 2032 and amounts not paid by the contract expiration dates become nonrefundable. Their relative fair values cannot be accurately estimated because future refund payments depend on several variables, including new customer connections, customer consumption levels, and future rate increases. However, the fair value of these amounts would be less than their carrying value due to the non-interest-bearing feature.

*Segments*

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing operating performance. In consideration of ASC 280—*Segment*

*Reporting* the Company notes it is not organized around specific products and services, geographic regions, or regulatory environments. The Company currently operates in one geographic region within the State of Arizona, wherein each operating utility operates within the same regulatory environment.

While the Company reports its revenue, disaggregated by service type, on the face of its Statements of Operations, the Company does not manage the business based on any performance measure at the individual revenue stream level. The Company does not have any customers that contribute more than 10% to the Company's revenues or revenue streams. Additionally, we note that the CODM uses consolidated financial information to evaluate the Company's performance, which is the same basis on which he communicates the Company's results and performance to the Board of Directors. It is upon this consolidated basis from which he bases all significant decisions regarding the allocation of the Company's resources on a consolidated level. Based on the information described above and in accordance with the applicable literature, management has concluded that the Company is currently organized and operated as one operating and reportable segment.

## Balterra Sewer, LLC

Schedule F-1

Test Year Ended December 31, 2019

Projected Income Statements - Present and Proposed

Line No.		Test Year Actual 12/31/2019	Present Rates Year Ended 12/31/2020	Adjustments	Proposed Rates Year Ended 12/31/2020
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -
2					
3	701 Salaries and Wages	-	-	-	-
4	704 Employee Pensions and Benefits	-	-	-	-
5	710 Purchased Wastewater Treatment	-	-	-	-
6	711 Sludge Removal Expense	-	-	-	-
7	715 Purchased Power	-	-	-	-
8	716 Fuel for Power Production	-	-	-	-
9	718 Chemicals	-	-	-	-
10	720 Materials and Supplies	-	-	-	-
11	720 Repairs and Maintenance	-	-	-	-
12	720 Office Supplies and Expense	-	-	-	-
13	721 Office Expense	-	-	-	-
14	731 Contractual Services -Engineering	-	-	-	-
15	732 Contractual Services - Accounting	-	-	-	-
16	733 Contractual Services - Legal	-	-	-	-
17	734 Contractual Services - Management Fees	-	-	-	-
18	735 Contractual Services - Testing	-	-	-	-
19	736 Contractual Services - Other	-	-	-	-
20	740 Rents - Building	-	-	-	-
21	Intentionally Left Blank				
22	742 Rents - Equipment	-	-	-	-
23	750 Transportation Expenses	-	-	-	-
24	756 Insurance - Vehicle	-	-	-	-
25	757 Insurance - General Liability	-	-	-	-
26	758 Insurance - Worker's Compensation	-	-	-	-
27	759 Insurance - Other	-	-	-	-
28	760 Advertising Expense	-	-	-	-
29	766 Regulatory Commission Expense - Rate Case	-	-	-	-
30	767 Regulatory Commission Expense - Other	-	-	-	-
31	770 Bad Debt Expense	-	-	-	-
32	775 Miscellaneous Expense	500	500	-	500
33	403 Depreciation Expense	-	-	-	-
34	408 Taxes Other Than Income	-	-	-	-
35	408 Property Taxes	882	882	-	882
36	408 Payroll Taxes	-	-	-	-
37	408 Other Taxes and Licenses	-	-	-	-
38	409 Income Taxes	35	35	-	35
39	Total Operating Expenses	1,417	1,417	-	1,417
40					
41	Operating Income / (Loss)	(1,417)	(1,417)	-	(1,417)
42					
43	OTHER INCOME / (EXPENSE)				
44	414 Gain/Loss on Dispositions	0	-	-	-
45	419 Interest and Dividend Income	-	-	-	-
46	421 Non-Utility Income	-	-	-	-
47	426 Miscellaneous Non-Utility (Expense)	-	-	-	-
48	427 Interest (Expense)	-	-	-	-
49	Total Other Income / (Expense)	-	-	-	-
50					
51	NET INCOME / (LOSS)	\$ (1,417)	\$ (1,417)	\$ -	\$ (1,417)

**Balterra Sewer, LLC**

Schedule F-2

Test Year Ended December 31, 2019

Projected Statements of Changes in Financial Position

Present and Proposed Rates

Line No.		Projected Year		
		Test Year 12/31/2019	Present Rates 12/31/2020	Proposed Rates 12/31/2020
1	<b>Operating Activities</b>			
2	Net income (loss)	\$ (1,417)	\$ (1,417)	\$ (1,417)
3	<b>Adjustment to reconcile net income (loss)</b>			
4	Deferred compensation	-	-	-
5	Depreciation	-	-	-
6	Amortization	-	-	-
7	Amortization of deferred debt issuance costs and discounts	-	-	-
8	Write-off of debt issuance costs	-	-	-
9	Gain on sale of 303 contracts	-	-	-
10	(Gain) Loss on Equity Investment	-	-	-
11	Other gains and losses	-	-	-
12	(Gain) Loss on disposal of fixed assets	-	-	-
13	Loss on Sale of Willow Valley	-	-	-
14	Provision for doubtful accounts receivable	-	-	-
15	Deferred income tax (benefit) expense	-	-	-
16	Accounts receivables	-	-	-
17	Other Receivables	63	63	63
18	Accrued revenue	-	-	-
19	Infrastructure coordination and financing fee receivable	-	-	-
20	Income taxes receivable	-	-	-
21	Other current assets	1,354	1,354	1,354
22	Accounts payable and other current liabilities	-	-	-
23	Other noncurrent assets	-	-	-
24	Other noncurrent liabilities	-	-	-
25	Deferred revenue and prepaid ICFA fees	-	-	-
26	<b>Net cash (used) provided by operating activities</b>	0	0	0
27				
28	<b>Investing Activities</b>			
29	Capital expenditures	-	-	-
30	Proceeds from the sale of Willow Valley	-	-	-
31	Proceeds from sale of fixed and intangible assets	-	-	-
32	(Deposits) withdrawals of restricted cash	-	-	-
33	Deposits	-	-	-
34	Advance in aid of construction release	-	-	-
35	<b>Net cash used in investing activities</b>	-	-	-
36				
37	<b>Financing Activities</b>			
38	Proceeds from bond	-	-	-
39	Deposits in bond service fund	-	-	-
40	Proceeds withdrawn from bond service fund	-	-	-
41	Repayments of bond debt	-	-	-
42	(Deposit into)/ redemption from escrow for debt service	-	-	-
43	Loan borrowings	-	-	-
44	Loan repayments	-	-	-
45	Principal payments under capital lease	-	-	-
46	Payment of Sonoran acquisition liability	-	-	-
47	Acquisition of utilities, deferred acquisition payments	-	-	-
48	Financing costs paid	-	-	-
49	Debt issuance costs paid	-	-	-
50	Advances in aid of construction	-	-	-
51	Dividends Paid	-	-	-
52	Proceeds from sale of stock	-	-	-
53	Contributions in aid of construction under ICFA agreements	-	-	-
54	Payments of offering costs for sale of stock	-	-	-
55	Refunds of advances for construction	-	-	-
56	<b>Net cash (used) provided by financing activities</b>	-	-	-
57	<b>Net change in cash</b>	0	0	0
58				
59	<u>Supporting Schedules:</u>		Recap Schedule	
60	E-3		A-5	
61	F-3			

**Balterra Sewer, LLC**

Schedule F-3

Test Year Ended December 31, 2019

Projected Construction Requirements

Line No.	Property Classification	Through 12/31/2020	Through 12/31/2021	Through 12/31/2022
1				
2	Well Development	\$ -	\$ -	\$ -
3				
4	Water Distribution Centers			
5				
6	Treatment and/or Blending			
7				
8	Pipelines			
9				
10	SCADA			
11				
12	Other			
13				
14	Totals	\$ -	\$ -	\$ -
15		(Sch. B-2.1)		

**Balterra Sewer, LLC**

Schedule F-4

Test Year Ended December 31, 2019

## Assumptions

Line

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Revenues and expenses were projected using the pro forma changes to the test year ending December 31, 2019. Actual expenses incurred during the test year ending December 31, 2019, were considered when developing pro forma adjustments. Where known and measurable changes are expected to occur, those changes are applied to determine pro form adjustments.

Construction forecasts are based on estimated plant requirements including new facilities, the replacement of existing facilities, and the improvement and maintenance of infrastructure necessary to ensure safe and reliable service.

**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

Schedules G- thru G-7

Cost of Service Study

Balterra Sewer, LLC has no customers, no revenue, and no rate of return.  
A cost of service study, which apportions rate of return to different  
classes of customers cannot be performed when there are no customers.



**Balterra Sewer, LLC**

Test Year Ended December 31, 2019

Schedule H-1 thru H-5

Revenues by customer class and billing analysis.

Balterra Sewer, LLC has no customers and no revenue. Therefore there is no revenue to assign to different customer classes and there is no billing data to analyze.

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule A-1

Test Year Ended December 31, 2019

Computation of Increase in Gross Revenue Requirement

Line No.	DESCRIPTION	[A]	[B]	[C] ORIGINAL COST	[D] FAIR VALUE
1	Adjusted Rate Base			1,075,007	1,075,007
2					
3	Adjusted Operating Income (Loss)			(5,128)	(5,128)
4					
5	Current Rate of Return (Line 3 /Line 1)			-0.48%	-0.48%
6					
7	Required Operating Income (Line 9 * Line 1)			-	-
8					
9	Required Rate of Return			0.00%	0.00%
10					
11	Operating Income Deficiency (Line 7 - Line 3)			5,128	5,128
12					
13	Gross Revenue Conversion Factor			1.0515	1.0515
14					
15	Increase in Gross Revenue Requirements			-	-
16					
17					
18	Customer	Present	Proposed	Dollar	Percent
19	Classification	Rates	Rates	Increase	Increase
20					
21	Residential			\$ -	0.0%
22	Commercial			-	0.0%
23	Irrigation			-	0.0%
24	Hydrant			-	0.0%
25	Lake			-	0.0%
26	Non-Potable (Raw Water)			-	0.0%
27					
28	Total of Water Revenues	\$ -	\$ -	\$ -	0.0%
29					
30	Miscellaneous Revenues	\$ -	\$ -	\$ -	0.0%
31					
32	Total Operating Revenues	\$ -	\$ -	\$ -	0.0%
33					
34	Total Adjusted Revenues (Schedule C-1)	\$ -	\$ -	\$ -	0.0%
35					
36					
37	<u>Supporting Schedules:</u>				
38	B-1				
39	C-1				
40	C-3				
41	H-1				

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule A-2

Test Year Ended December 31, 2019

## Summary of Results of Operations

Line No.	Description	Prior Years Ended		Test Year		Projected Year	
		12/31/2017	12/31/2018	Actual 12/31/2019	Adjusted 12/31/2019	Present Rates 12/31/2021	Proposed Rates 12/31/2021
1	Gross Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2							
3	Revenue Deductions and						
4	Operating Expenses	402,626	6,948	5,128	5,128	5,128	5,128
5							
6	Operating Income	(402,626)	(6,948)	(5,128)	(5,128)	(5,128)	(5,128)
7							
8	Other Income and Deductions	-	-	-	-	-	-
9							
10	Interest Expense	-	-	-	-	-	-
11							
12	Net Income	(402,626)	(6,948)	(5,128)	(5,128)	(5,128)	(5,128)
13							
14	Common Shares	1,000	1,000	1,000	1,000	1,000	1,000
15							
16	Earned Per Average						
17	Common Share	NA	NA	NA	NA	NA	NA
18							
19	Dividends Per						
20	Common Share	NA	NA	NA	NA	NA	NA
21							
22	Payout Ratio	NA	NA	NA	NA	NA	NA
23							
24	Return on Average						
25	Invested Capital	NA	NA	NA	NA	NA	NA
26							
27	Return on Year End						
28	Capital	NA	NA	NA	NA	NA	NA
29							
30	Return on Average						
31	Common Equity	NA	NA	NA	NA	NA	NA
32							
33	Return on Year End						
34	Common Equity	NA	NA	NA	NA	NA	NA
35							
36	Times Bond Interest Earned						
37	Before Income Taxes	NA	NA	NA	NA	NA	NA
38							
39	Times Total Interest and						
40	Preferred Dividends Earned						
41	After Income Taxes	NA	NA	NA	NA	NA	NA
42							
43							
44	<u>Supporting Schedules:</u>						
45	E-2						
46	C-1						
47	F-1						

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule A-3

Test Year Ended December 31, 2019

## Summary of Capital Structure

Line No.	Description	Prior Years Ended		Test Year	Projected Year
		12/31/2017	12/31/2018	12/31/2019	12/31/2021
1	Short-Term Debt	\$ -	\$ -	\$ -	\$ -
2					
3	Long-Term Debt	-	-	-	-
4					
5	Total Debt	-	-	-	-
6					
7	Preferred Stock	-	-	-	-
8					
9	Common Equity	3,847,577	3,848,684	3,884,840	3,884,840
10					
11	Total Capital	3,847,577	3,848,684	3,884,840	3,884,840
12					
13	Capitalization Ratios:				
14					
15	Short-Term Debt	-	-	-	-
16					
17	Long-Term Debt	-	-	-	-
18					
19	Total Debt	-	-	-	-
20					
21	Preferred Stock	-	-	-	-
22					
23	Common Equity	100%	100%	100%	100%
24					
25	Total Capital	100%	100%	100%	100%
26					
27	Weighted Cost of				
28	Short-Term Debt	-	-	-	-
29					
30	Weighted Cost of				
31	Long-Term Debt	-	-	-	-
32					
33	Weighted Cost of				
34	Senior Debt	-	-	-	-
35					
36					
37	<u>Supporting Schedules:</u>				
38	E-1				
39	D-1				

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule A-4

Test Year Ended December 31, 2019

**Construction Expenditures and Gross Utility Plant Placed in Service**

Line No.			Construction Expenditures	Net Plant Placed In Service	Gross Utility Plant In Service
1	Prior Year Ended	12/31/2017	\$ -	\$ -	\$ -
2					
3	Prior Year Ended	12/31/2018	-	-	-
4					
5	Test Year Ended	12/31/2019	-	-	-
6					
7	Projected Year Ended	12/31/2020	-	-	-
8					
9					
10					
11					
12					
13	<u>Supporting Schedules:</u>				
14	F-3				
15	E-5				

## Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated

Schedule A-5

Test Year Ended December 31, 2019

## Comparative Statement of Changes in Financial Position

Line No.		Prior Years Ended		Test Year 12/31/2019	Projected Year	
		12/31/2017	12/31/2018		Present Rates 12/31/2020	Proposed Rates 12/31/2020
1						
2	<b>Operating Activities</b>					
3	Net income (loss)	\$ (402,626)	\$ (6,948)	\$ (5,128)	\$ (5,128)	\$ (5,128)
4	<b>Adjustment to reconcile net income (loss)</b>					
5	Deferred compensation	-	-	-	-	-
6	Depreciation	-	-	-	-	-
7	Amortization	-	-	-	-	-
8	Amortization of deferred debt issuance costs and discounts	-	-	-	-	-
9	Write-off of debt issuance costs	-	-	-	-	-
10	Gain on sale of 303 contracts	-	-	-	-	-
11	(Gain) Loss on Equity Investment	-	-	-	-	-
12	Other gains and losses	-	-	-	-	-
13	(Gain) Loss on disposal of fixed assets	-	-	-	-	-
14	Loss on Sale of Willow Valley	-	-	-	-	-
15	Provision for doubtful accounts receivable	-	-	-	-	-
16	Deferred income tax (benefit) expense	(712)	-	-	-	-
17	Accounts receivables	-	-	-	-	-
18	Other Receivables	397,060	(1,476)	16	16	16
19	Accrued revenue	-	-	-	-	-
20	Infrastructure coordination and financing fee receivable	-	-	-	-	-
21	Income taxes receivable	-	-	-	-	-
22	Other current assets	5,777	8,930	41,440	41,440	41,440
23	Accounts payable and other current liabilities	500	(505)	3,073	3,073	3,073
24	Other noncurrent assets	-	-	-	-	-
25	Other noncurrent liabilities	-	-	-	-	-
26	Deferred revenue and prepaid ICFA fees	-	-	-	-	-
27	<b>Net cash (used) provided by operating activities</b>	(1)	1	39,401	39,401	39,401
28						
29	<b>Investing Activities</b>					
30	Capital expenditures	-	-	(39,401)	(39,401)	(39,401)
31	Proceeds from the sale of Willow Valley	-	-	-	-	-
32	Proceeds from sale of fixed and intangible assets	-	-	-	-	-
33	(Deposits) withdrawals of restricted cash	-	-	-	-	-
34	Deposits	-	-	-	-	-
35	Advance in aid of construction release	-	-	-	-	-
36	<b>Net cash used in investing activities</b>	-	-	(39,401)	(39,401)	(39,401)
37						
38	<b>Financing Activities</b>					
39	Proceeds from bond	-	-	-	-	-
40	Deposits in bond service fund	-	-	-	-	-
41	Proceeds withdrawn from bond service fund	-	-	-	-	-
42	Repayments of bond debt	-	-	-	-	-
43	(Deposit into)/ redemption from escrow for debt service	-	-	-	-	-
44	Loan borrowings	-	-	-	-	-
45	Loan repayments	-	-	-	-	-
46	Principal payments under capital lease	-	-	-	-	-
47	Payment of Sonoran acquisition liability	-	-	-	-	-
48	Acquisition of utilities, deferred acquisition payments	-	-	-	-	-
49	Financing costs paid	-	-	-	-	-
50	Debt issuance costs paid	-	-	-	-	-
51	Advances in aid of construction	-	-	-	-	-
52	Dividends Paid	-	-	-	-	-
53	Proceeds from sale of stock	-	-	-	-	-
54	Contributions in aid of construction under ICFA agreements	-	-	-	-	-
55	Payments of offering costs for sale of stock	-	-	-	-	-
56	Refunds of advances for construction	-	-	-	-	-
57	<b>Net cash (used) provided by financing activities</b>	-	-	-	-	-
58	<b>Net change in cash</b>	0	1	-	0	0
59						
60	Supporting Schedules					
61	E-3					
62	F-2					

**Balterra Sewer, LLC\_Hassayampa Utility Company,**

Schedule B-1

Test Year Ended December 31, 2019

**Summary of Fair Value Rate Base**

Line No.		Original Cost Rate Base As Filed
1	Plant in Service	278,280
2	Less: Accumulated Depreciation	-
3		
4	Net Plant in Service	278,280
5		
6	<u>LESS:</u>	
7	Net CIAC	-
8	Advances in Aid of Construction (AIAC)	-
9	Customer Deposits	-
10	Deferred Income Tax Credits	-
11		
12	<u>ADD:</u>	
13	Unamortized Finance Charges	
14	Deferred Tax Assets	796,727
15	Working Capital	
16	Utility Plant Acquisition Adjustment	
17		
18	Original Cost Rate Base	1,075,007
19		
20		
21	<u>Supporting Schedules:</u>	
22	B-2	
23	B-3	
24	E-1	
25	B-5	

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Test Year Ended December 31, 2019

Detail Plant in Service

Schedule B-2

Page 1 of 2

Line No.	A Actual Test Year End	B PTYP Adjustment 1 B.2.1	C Adjustment 2 B.2.2	D Adjustment 3 B.2.3	E Adjustment 4 B.2.4	F Adjustment 5 B.2.5	G Adjustment 6 B.2.6	H Adjusted Test Year As Filed
1	Utility Plant in Service							
2	351 Organization	-						-
3	352 Franchises	-						-
4	353 Land and Land Rights	278,280						278,280
5	354 Structures and Improvements	-						-
6	355 Power Generation Equipment	-						-
7	360 Collections Wastewater - Force	-						-
8	361 Collections Wastewater - Gravity	-						-
9	362 Special Collecting Structures	-						-
10	363 Services to Customers	-						-
11	364 Flow Measuring Devices	-						-
12	365 Flow Measuring Installations	-						-
13	366 Reuse Services	-						-
14	367 Reuse Meters & Meter Installations	-						-
15	370 Receiving Wells	-						-
16	371 Pumping Equipment	-						-
17	374 Reuse Distribution Reservoirs	-						-
18	375 Reuse Trans. And Distr. Equipment	-						-
19	380 Treatment and Disposal Equipment	-						-
20	381 Plant Sewers	-						-
21	382 Outfall Sewer Lines	-						-
22	389 Other Plant and Misc. Equipment	-						-
23	390 Office Furniture and Equipment	-						-
24	390.1 Computer & Software	-						-
25	391 Transportation Equipment	-						-
26	392 Stores Equipment	-						-
27	393 Tools, Shop and Garage Equipment	-						-
28	394 Laboratory Equipment	-						-
29	395 Power Operated Equipment	-						-
30	396 Communication Equipment	-						-
31	397 Miscellaneous Equipment	-						-
32	398 Other Tangible Plant	-						-
33								-
34								-
35								-
36	Total Utility Plant in Service	278,280	-	-	-	-	-	278,280
37								
38	107 Construction Work in Progress	2,812,901						2,812,901
39								
40	Total Plant	3,091,181	-	-	-	-	-	3,091,181
41								
42	Total Accum. Depreciation	-						-
43								
44	Total Net Plant	3,091,181	-	-	-	-	-	3,091,181



## Test Year Ended December 31, 2019

		ADJ #B1	ADJ #B2	ADJ #B3	ADJ #B4	ADJ #B5	ADJ #B6	ADJ #B7	
	<u>UNADJUSTED</u>	<u>P TYP</u>	<u>A D I T</u>						<u>ADJUSTED</u>
Gross Plant in Service	278,280	-	-	-	-	-	-	-	278,280
Less:									
Accumulated Depreciation	-	-	-	-	-	-	-	-	-
Net Plant in Service	278,280	-	-	-	-	-	-	-	278,280
Less:									
Advances in Aid of Constructio	-								-
Contributions in Aid of Construction Gross	-								-
Accumulated Amortizatio	-								-
Net Contributions in Aid of Co	-								-
Deferred Income Tax	-	(9)							-
Customer Deposits	-								-
Add:									
Working Capital	-								-
Deferred Tax Assets	796,727								796,727
Total Rate Base:	1,075,007	-	-	-	-	-	-	-	1,075,007

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Test Year Ended December 31, 2019

Schedule B-3

**Schedule B-3 RCND Rate Base Pro forma**

LINE NO.

- |   |  |
|---|--|
| 1 | The Company has opted not to perform a RCND study and adopts its |
| 2 | original cost rate base as the fair value rate base.             |
| 3 |  |
| 4 |  |
| 5 |  |
| 6 |  |

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Test Year Ended December 31, 2019

Schedule B-4

**Schedule B-4 RCND By Major Plant Account**

LINE NO.

- |   |  |
|---|--|
| 1 | The Company has opted not to perform a RCND study and adopts its |
| 2 | original cost rate base as the fair value rate base.             |
| 3 |  |
| 4 |  |
| 5 |  |
| 6 |  |

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Test Year Ended December 31, 2019

Schedule B-5

Page 1 of 2

**Schedule B-5 Computation of Working Capital**LINE NO.

		Test Year Results	Revenue Lag Days	Expense Lag Days	Net Lag Days	Lead / Lag Factor	Working Cash Requirement
1	<b>Operating Expenses</b>						
2							
3	Purchased Power	\$ 1,644,009	\$ 39	\$ 24	\$ 16	\$ 0	\$ 71,683
4	Payroll	5,849,624	39	9	31	0	492,369
5	Chemicals	265,021	39	17	22	0	16,221
6	Property & Liability Insurance	280,025	39	2	37	0	28,546
7	Worker's Compensation Insurance	90,650	39	(69)	108	0	26,932
8	Medical, Vision, Dental, LTD & Life Insurance	642,050	39	3	36	0	63,543
9	Other O&M (Excluding Rate Case Expense)	1,053,862	39	38	1	0	3,028
10	Federal Income Taxes	86,375	39	38	2	0	463
11	State Income Taxes	141,000	39	38	2	0	757
12	FICA Taxes	371,590	39	9	31	0	31,277
13	FUTA & SUTA Taxes	4,979	39	9	31	0	419
14	Property Taxes	2,165,582	39	180	(140)	(0)	(831,277)
15	Registration, Svc. Contracts, & Misc. Fees	1,683,381	39	34	5	0	24,643
16	Retirement Annuities (401k)	163,492	39	66	(26)	(0)	(11,665)
17							
18	<b>Total</b>	<b>\$ 14,441,639</b>					<b>\$ (83,060)</b>
19							
20							
21	Supporting Schedules						Recap Schedules
22	(a) E-1						B-1

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Test Year Ended December 31, 2019

**Schedule B-5 Computation of Working Capital**

Schedule B-5

Page 2 of 2

LINE NO.

	<b>Total Working Cash Requirement</b>	<b>Company</b>	<b>2019 Year End Counts</b>	<b>Percent Allocation</b>	<b>Allocation of Working Capital</b>
1					
2	\$ (83,060)	Palo Verde	21,109	46.1%	\$ (38,307)
3		Santa Cruz	21,357	46.7%	(38,757)
4		North Scottsdale	92	0.2%	(167)
5		Tonopah	413	0.9%	(749)
6		Eagletail	57	0.1%	(103)
7		Turner Ranches	963	2.1%	(1,748)
8		Red Rock Sewer	883	1.9%	(1,602)
9		Red Rock Water	896	2.0%	(1,626)
10			45,770		
11					
12		Palo Verde RRS Consolidated			(39,909)
13		Santa Cruz RRW Consolidated			(40,383)

## Balterra Sewer, LLC, Hassayampa Utility Company, Inc. Consolidated

Schedule C-1

Test Year Ended December 31, 2019

Adjusted Test Year Income Statement

Line No.		[A] Actual Test Year	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Proposed Rate Increase	[E] Adjusted With Rate Increase
1	<b>Operating Revenue</b>					
2	521 Flat Rate Revenues	-	-	-	-	-
3	522 Measured Revenues	-	-	-	-	-
4	534 Rents from Wastewater Property	-	-	-	-	-
5	536 Other Wastewater Revenues	-	-	-	-	-
6		-	-	-	-	-
7		-	-	-	-	-
8	<b>Total Revenues</b>	-	-	-	-	-
9						
10	<b>Operating Expenses</b>					
11	701 Salaries and Wages	-	-	-	-	-
12	704 Employee Pensions and Benefits	-	-	-	-	-
13	710 Purchased Wastewater Treatment	-	-	-	-	-
14	711 Sludge Removal Expense	-	-	-	-	-
15	715 Purchased Power	-	-	-	-	-
16	716 Fuel for Power Production	-	-	-	-	-
17	718 Chemicals	-	-	-	-	-
18	720 Materials and Supplies	-	-	-	-	-
19	720.1 Repairs and Maintenance	-	-	-	-	-
20	720.2 Office Supplies and Expense	-	-	-	-	-
21	721 Office Expense	60	-	60	-	60
22	731 Contractual Services - Engineering	-	-	-	-	-
23	732 Contractual Services - Accounting	-	-	-	-	-
24	733 Contractual Services - Legal	509	-	509	-	509
25	734 Contractual Services - Management Fees	-	-	-	-	-
26	735 Contractual Services - Testing	-	-	-	-	-
27	736 Contractual Services - Other	-	-	-	-	-
28	740 Rents - Building	-	-	-	-	-
29	742 Rents - Equipment	-	-	-	-	-
30	750 Transportation Expenses	-	-	-	-	-
31	756 Insurance - Vehicle	-	-	-	-	-
32	757 Insurance - General Liability	-	-	-	-	-
33	758 Insurance - Worker's Compensation	-	-	-	-	-
34	759 Insurance - Other	-	-	-	-	-
35	760 Advertising Expense	-	-	-	-	-
36	766 Regulatory Commission Expense - Rate Case	-	-	-	-	-
37	767 Regulatory Commission Expense - Other	-	-	-	-	-
38	770 Bad Debt Expense	-	-	-	-	-
39	775 Miscellaneous Expense	1,281	-	1,281	-	1,281
40	403 Depreciation Expense	-	-	-	-	-
41	408 Taxes Other Than Income	-	-	-	-	-
42	408.11 Property Taxes	3,366	-	3,366	-	3,366
43	408.12 Payroll Taxes	-	-	-	-	-
44	408.13 Other Taxes and Licenses	-	-	-	-	-
45	409 Income Taxes	(88)	-	(88)	-	(88)
46	<b>Total Operating Expenses</b>	5,128	-	5,128	-	5,128
47						
48	<b>Operating Income / (Loss)</b>	(5,128)	-	(5,128)	-	(5,128)
49						
50	<b>Other Income / (Expense)</b>					
51	414 Gain/Loss on Dispositions	-	-	-	-	-
52	419 Interest and Dividend Income	-	-	-	-	-
53	421 Non-Utility Income	-	-	-	-	-
54	426 Miscellaneous Non-Utility (Expense)	-	-	-	-	-
55	427 Interest (Expense)	-	-	-	-	-
56	<b>Total Other Income / (Expense)</b>	-	-	-	-	-
57						
58	<b>Net Income / (Loss)</b>	(5,128)	-	(5,128)	-	(5,128)

Balterra Sewer, LLC, Hassayampa Utility Company, Inc. Consolidated  
Test Year Ended December 31, 2019  
Adjusted Test Year Income Statement

Schedule C-2

Line No.	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
	Actual Test Year	Adjustment 1 Bad Debt C.2.1	Adjustment 2 Property Tax C.2.2	Adjustment 3 Income Tax C.2.3	Adjustment 4 BLANK C.2.4	Adjustment 5 Depreciation C.2.5	Adjustment 6 Payroll C.2.6	Adjustment 7 Bonus Exclud C.2.7	Adjustment 8 FATHOM C.2.8	Adjustment 9 Half Yr Conv C.2.9	Adjustment 10 C.2.10	Adjustment 11 C.2.11	Adjustment 12 C.2.12	Adjustment 13 C.2.13	Adjustment 14 C.2.14	Adjustment 15 C.2.15	Adjusted Test Year As Filed	Adjustment 16 Bad Debt C.2.1	Adjustment 17 Property Tax C.2.2	Adjustment 18 Income Tax C.2.3	Adjustment 19 Revenue Increase A-1	Adjustment 20 Income Tax	Adjusted With Rate Increase
1	Operating Revenue																						
2	521 Flat Rate Revenues	-																-					-
3	522 Measured Revenues	-																-					-
4	534 Rents from Wastewater Property	-																-					-
5	536 Other Wastewater Revenues	-																-					-
6		-																-					-
7		-																-					-
8	Total Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9																							
10	Operating Expenses																						
11	701 Salaries and Wages	-																-					-
12	704 Employee Pensions and Benefits	-																-					-
13	710 Purchased Wastewater Treatment	-																-					-
14	711 Sludge Removal Expense	-																-					-
15	715 Purchased Power	-																-					-
16	716 Fuel for Power Production	-																-					-
17	718 Chemicals	-																-					-
18	720 Materials and Supplies	-																-					-
19	720.1 Repairs and Maintenance	-																-					-
20	720.2 Office Supplies and Expense	-																-					-
21	721 Office Expense	60																60					60
22	731 Contractual Services - Engineering	-																-					-
23	732 Contractual Services - Accounting	-																-					-
24	733 Contractual Services - Legal	509																509					509
25	734 Contractual Services - Management Fees	-																-					-
26	735 Contractual Services - Testing	-																-					-
27	736 Contractual Services - Other	-																-					-
28	740 Rents - Building	-																-					-
29	742 Rents - Equipment	-																-					-
30	750 Transportation Expenses	-																-					-
31	756 Insurance - Vehicle	-																-					-
32	757 Insurance - General Liability	-																-					-
33	758 Insurance - Worker's Compensation	-																-					-
34	759 Insurance - Other	-																-					-
35	760 Advertising Expense	-																-					-
36	766 Regulatory Commission Expense - Rate Case	-																-					-
37	767 Regulatory Commission Expense - Other	-																-					-
38	770 Bad Debt Expense	-																-					-
39	775 Miscellaneous Expense	1,281																1,281					1,281
40	403 Depreciation Expense (From Schedule AR4)	-																-					-
41	408 Taxes Other Than Income	-																-					-
42	408.11 Property Taxes	3,366																3,366					3,366
43	408.12 Payroll Taxes	-																-					-
44	408.13 Other Taxes and Licenses	-																-					-
45	409 Income Taxes	(88)																(88)					(88)
46	Total Operating Expenses	5,128	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,128	-	-	-	-	-	5,128
47																							
48	Operating Income / (Loss)	(5,128)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,128)	-	-	-	-	-	(5,128)
49																							
50	Other Income / (Expense)																						
51	414 Gain/Loss on Dispositions	-																-					-
52	419 Interest and Dividend Income	-																-					-
53	421 Non-Utility Income	-																-					-
54	426 Miscellaneous Non-Utility (Expense)	-																-					-
55	427 Interest (Expense)	-																-					-
56	Total Other Income / (Expense)																						
57																							
58	Net Income / (Loss)	(5,128)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,128)	-	-	-	-	-	(5,128)

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**  
 Test Year Ended December 31, 2019  
 Adjusted Test Year Income Statement

Schedule C-3  
 Page 1 of 2

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	4.9000%
2	Uncollectible Revenue Effective Rate	0.0000%
3	Property Taxes Effective Rate	0.0000%
4	Total Tax Percentage	4.9000%
5		
6	Operating Income % = 100% - Tax Percentage	95.1000%
7		
8		
9		
10		
11	<u>1</u> = Gross Revenue Conversion Factor	
12	Operating Income %	1.051525
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
24	C-3, page 2	A-1



Balterra Sewer, LLC, Hassayampa Utility Company, Inc. Consolidated  
 Test Year Ended December 31, 2019  
 Adjusted Test Year Income Statement

Schedule C-3  
 Page 2 of 2

## GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	4.9000%					
5	Subtotal (L3 - L4)	95.1000%					
6	<b>Revenue Conversion Factor (L1 / L5)</b>	<b>1.051525</b>					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	4.9000%					
9	One Minus Combined Income Tax Rate (L7 - L8)	95.1000%					
10	Uncollectible Rate	0.0000%					
11	<b>Uncollectible Factor (L9 * L10)</b>		0.0000%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	4.9000%					
14	Federal Taxable Income (L12 - L13)	95.1000%					
15	Applicable Federal Income Tax Rate (L55 Col F)	0.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	0.0000%					
17	<b>Combined Federal and State Income Tax Rate (L13 + L16)</b>		4.9000%				
<u>Calculation of Effective Property Tax Factor:</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	4.9000%					
20	One Minus Combined Income Tax Rate (L18-L19)	95.1000%					
21	Property Tax Factor	0.0000%					
22	<b>Effective Property Tax Factor (L20*L21)</b>		0.0000%				
23	<b>Combined Federal and State Income Tax and Property Tax Rate (L17+L22)</b>			4.9000%			
24	Required Operating Income	\$ -					
25	Adjusted Test Year Operating Income (Loss)	\$ (5,128)					
26	<b>Required Increase in Operating Income (L24 - L25)</b>		\$ 5,128				
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$ (14,131)					
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$ (14,131)					
29	<b>Required Increase in Revenue to Provide for Income Taxes (L27 - L28)</b>		\$ -				
30	Recommended Revenue Requirement	\$ -					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	<b>Required Increase in Revenue to Provide for Uncollectible Exp.</b>		\$ -				
35	Property Tax with Recommended Revenue	\$ -					
36	Property Tax on Test Year Revenue	\$ -					
37	<b>Increase in Property Tax Due to Increase in Revenue (L35-L36)</b>		\$ -				
38	<b>Total Required Increase in Revenue (L26 + L29 + L37)</b>		\$ 5,128				

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Income Tax:</u>						
39	Total	Test Year	Water	Total	Company Recommended	Water
40	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
41	Operating Expenses Excluding Income Taxes	5,216	5,216	5,216	5,216	5,216
42	Synchronized Interest (L47)	51,600	51,600	51,600	51,600	51,600
43	Arizona Taxable Income (L39 - L40 - L41)	(56,816)	(56,816)	(56,816)	(56,816)	(56,816)
44	Arizona State Effective Income Tax Rate	4.9000%	4.9000%	4.9000%	4.9000%	4.9000%
45	Arizona Income Tax (L42 x L43)	(2,784)	(2,784)	(2,784)	(2,784)	(2,784)
46	Federal Taxable Income (L42- L44)	(54,032)	(54,032)	(54,032)	(54,032)	(54,032)
47	Federal Tax Rate	21.0000%	21.00%	21.00%	21.00%	21.00%
48	Federal Income Taxes	(11,347)	(11,347)	(11,347)	(11,347)	(11,347)
49						
50						
51						
52						
53	Total Federal Income Tax	(11,347)	(11,347)	(11,347)	(11,347)	(11,347)
54	Combined Federal and State Income Tax (L35 + L42)	(14,131)	(14,131)	(14,131)	(14,131)	(14,131)
55	<b>COMBINED</b> Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53] / [Col. (D), L45 - Col. (A), L45]			0.0000%		
56						
57	<b>WATER</b> Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / [Col. (F), L45 - Col. (C), L45]					0.0000%

Calculation of Interest Synchronization:

58	Rate Base	Water
59	Weighted Average Cost of Debt	\$ 1,075,007
60	Synchronized Interest (L59 X L60)	4.80%
		\$ 51,600

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule D-1

Test Year Ended December 31, 2019

## Summary Cost of Capital

Line No.	Description	End of Test Year - Actual			
		Dollar Amount	Percent of Total	Rate of Return	Weighted Return
1					
2	Short-Term Debt	\$ -	0.00%	0.00%	0.00%
3					
4	Long-Term Debt	-	0.00%	0.00%	0.00%
5					
6	Common Equity	3,884,840	100.00%	-0.13%	-0.13%
7					
8	Totals	<u>\$ 3,884,840</u>	<u>100.00%</u>		<u>-0.13%</u>

Line No.	Description	End of Test Year - Proposed				End of Projected Year - Proposed Rates			
		Dollar Amount	Percent of Total	Rate of Return	Weighted Cost	Dollar Amount	Percent of Total	Rate of Return	Weighted Cost
11									
12									
13									
14									
15	Short-Term Debt	\$ -	0.00%	0.00%	0.00%	\$ -	0.00%	0.00%	0.00%
16									
17	Long-Term Debt	-	0.00%	0.00%	0.00%	-	0.00%	0.00%	0.00%
18									
19	Common Equity	3,884,840	100.00%	0.00%	0.00%	3,884,840	100.00%	0.00%	0.00%
20									
21	Totals	<u>\$ 3,884,840</u>	<u>100.00%</u>		<u>0.00%</u>	<u>\$ 3,884,840</u>	<u>100.00%</u>		<u>0.00%</u>

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**  
Test Year Ended December 31, 2019  
Cost of Debt

Schedule D-2

Line  
No.

End of Test Year - Actual	
	Amount
	Outstanding
	Interest
	Rate
1	
2	
3	
4	Long-Term Debt
5	-
6	NA
7	
8	
9	
10	
11	
12	
13	
14	Long-Term Debt
15	-
16	NA
17	

End of Test Year - Proposed		End of Projected Year - Proposed Rates	
	Amount	Interest	
	Outstanding (*)	Rate	
	Outstanding	Rate	
1			
2			
3			
4	Long-Term Debt	-	NA
5	-	NA	
6			
7			
8			
9			
10			
11			
12			
13			
14	Long-Term Debt	-	NA
15	-	NA	
16	Short-Term Debt	-	NA
17	-	NA	

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**  
Test Year Ended December 31, 2019  
Cost of Preferred Stock

Schedule D-3

Line No.	
1	Schedule D-3 is not applicable as there is no preferred stock issued or outstanding in any of the utilities involved in this rate case.
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**  
Test Year Ended December 31, 2019  
Comparative Balance Sheets

Schedule E-1

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1	<b>Assets</b>			
2				
3	<b>Account No. Current and Accrued Assets</b>			
4	131 Cash	-	-	-
5	132 Special Deposits	-	-	-
6	133 Other Special Deposits	-	-	-
7	134 Working Funds	-	-	-
8	135 Temporary Cash Investments	-	-	-
9	141 Customer Accounts Receivable	-	-	-
10	142 Other Accounts Receivable	-	-	-
11	143 Accumulated Provision for Uncollectable Accounts	-	-	-
12	146 Notes Receivable from Associated Companies	-	-	-
13	151 Plant Material and Supplies	-	-	-
14	162 Prepayments	-	-	1,031
15	173 Accrued Utility Revenue	-	-	-
16	174 Miscellaneous Current and Accrued Assets	-	-	-
17	<b>Total Current Assets</b>	-	-	1,031
18				
19	<b>Fixed Assets</b>			
20	101 Utility Plant in Service*	278,280	278,280	278,280
21	105 Construction Work in Progress	2,812,901	2,773,500	2,773,500
22	108 Accumulated Depreciation	-	-	-
23	121 Non-Utility Property	-	-	-
24	122 Accumulated Depreciation - Non Utility	-	-	-
25	<b>Total Fixed Assets</b>	3,091,181	3,051,781	3,051,781
26				
27	<b>Other Fixed Assets</b>			
28	114 Utility Plant Acquisition Adjustment	-	-	-
29	<b>Total Other Fixed Assets</b>	-	-	-
30				
31	<b>Deferred Debits</b>			
32	190 Accumulated Deferred Income Taxes	796,727	796,742	795,266
33	<b>Total Deferred Debits</b>	796,727	796,742	795,266
34				
35	<b>Total Assets</b>	3,887,908	3,848,522	3,848,078
36				
37	<b>Liabilities and Stockholders' Equity</b>			
38				
39	231 Accounts Payable	3,068	-	500
40	232 Notes Payable (Current Portion)	-	-	-
41	234 Notes Payable to Associated Companies	-	-	-
42	235 Customer Deposits	-	-	-
43	236 Accrued Taxes	-	(5)	-
44	237 Accrued Interest	-	-	-
45	241 Miscellaneous Current and Accrued Liabilities	-	-	-
46	253 Other Deferred Credits	-	-	-
47	<b>Total Current Liabilities</b>	3,068	(5)	500
48				
49	252 Advances in Aid of Construction	-	-	-
50	253 Other Deferred Credits	-	-	-
51	255 Accumulated Deferred Investment Tax Credits	-	-	-
52	271 Contributions in Aid of Construction	-	-	-
53	272 Less: Amortization of Contributions	-	-	-
54	281 Accumulated Deferred Income Tax	-	-	-
55	<b>Total Deferred Credits</b>	-	-	-
56				
57	<b>Total Liabilities and Deferred Credits</b>	3,068	(5)	500
58				
59	201 Common Stock Issued	100	100	100
60	211 Other Paid-In Capital	4,339,191	4,297,906	4,289,852
61	215 Unappropriated Retained Earnings	(454,450)	(449,322)	(442,374)
62	218 Proprietary Capital (Sole Props and Partnerships)	-	-	-
63	<b>Total Members' Equity</b>	3,884,840	3,848,684	3,847,577
64				
65	<b>Total Liabilities and Stockholders' Equity</b>	3,887,908	3,848,679	3,848,077

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule E-2

Test Year Ended December 31, 2019

Comparative Income Statements

Line No.		Test Year Ended 12/31/2019	Test Year Ended 12/31/2018	Test Year Ended 12/31/2017
1	<b>Operating Revenue</b>			
2	521 Flat Rate Revenues	-	-	-
3	522 Measured Revenues	-	-	-
4	534 Rents from Wastewater Property	-	-	-
5	536 Other Wastewater Revenues	-	-	-
6				
7				
8	<b>Total Revenues</b>	-	-	-
9				
10	<b>Operating Expenses</b>			
11	701 Salaries and Wages	-	-	-
12	704 Employee Pensions and Benefits	-	-	-
13	710 Purchased Wastewater Treatment	-	-	-
14	711 Sludge Removal Expense	-	-	-
15	715 Purchased Power	-	-	-
16	716 Fuel for Power Production	-	-	-
17	718 Chemicals	-	-	-
18	720 Materials and Supplies	-	-	-
19	720.1 Repairs and Maintenance	-	-	-
20	720.2 Office Supplies and Expense	-	-	-
21	721 Office Expense	60	7	7
22	731 Contractual Services -Engineering	-	-	-
23	732 Contractual Services - Accounting	-	-	-
24	733 Contractual Services - Legal	509	89	76
25	734 Contractual Services - Management Fees	-	-	-
26	735 Contractual Services - Testing	-	-	-
27	736 Contractual Services - Other	-	-	-
28	740 Rents - Building	-	-	-
29	Intentionally Left Blank	-	-	-
30	742 Rents - Equipment	-	-	-
31	750 Transportation Expenses	-	-	-
32	756 Insurance - Vehicle	-	-	-
33	757 Insurance - General Liability	-	-	-
34	758 Insurance - Worker's Compensation	-	-	-
35	759 Insurance - Other	-	-	-
36	760 Advertising Expense	-	-	-
37	766 Regulatory Commission Expense - Rate Case	-	-	-
38	767 Regulatory Commission Expense - Other	-	-	-
39	770 Bad Debt Expense	-	-	-
40	775 Miscellaneous Expense	1,281	5,248	2,482
41	403 Depreciation Expense	-	-	-
42	408 Taxes Other Than Income	-	-	-
43	408.11 Property Taxes	3,366	3,081	2,999
44	408.12 Payroll Taxes	-	-	-
45	408.13 Other Taxes and Licenses	-	-	-
46	409 Income Taxes	(88)	(1,477)	397,062
47	<b>Total Operating Expenses</b>	5,128	6,948	402,626
48				
49	<b>Operating Income / (Loss)</b>	(5,128)	(6,948)	(402,626)
50				
51	<b>Other Income / (Expense)</b>			
52	414 Gain/Loss on Dispositions	-	-	-
53	419 Interest and Dividend Income	-	-	-
54	421 Non-Utility Income	-	-	-
55	426 Miscellaneous Non-Utility (Expense)	-	-	-
56	427 Interest (Expense)	-	-	-
57	<b>Total Other Income / (Expense)</b>	-	-	-
58				
59	<b>Net Income / (Loss)</b>	(5,128)	(6,948)	(402,626)

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**  
Test Year Ended December 31, 2019  
Comparative Statement of Changes in Financial Position

Schedule E-3

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1	<b>Operating Activities</b>			
2	Net income (loss)	\$ (5,128)	\$ (6,948)	\$ (402,626)
3	<b>Adjustment to reconcile net income (loss)</b>			
4	Deferred compensation	-	-	-
5	Depreciation	-	-	-
6	Amortization	-	-	-
7	Amortization of deferred debt issuance costs and discounts	-	-	-
8	Write-off of debt issuance costs	-	-	-
9	Gain on sale of 303 contracts	-	-	-
10	(Gain) Loss on Equity Investment	-	-	-
11	Other gains and losses	-	-	-
12	(Gain) Loss on disposal of fixed assets	-	-	-
13	Loss on Sale of Willow Valley	-	-	-
14	Provision for doubtful accounts receivable	-	-	-
15	Deferred income tax (benefit) expense	-	-	(712)
16	Accounts receivables	-	-	-
17	Other Receivables	16	(1,476)	397,060
18	Accrued revenue	-	-	-
19	Infrastructure coordination and financing fee receivable	-	-	-
20	Income taxes receivable	-	-	-
21	Other current assets	41,440	8,930	5,777
22	Accounts payable and other current liabilities	3,073	(505)	500
23	Other noncurrent assets	-	-	-
24	Other noncurrent liabilities	-	-	-
25	Deferred revenue and prepaid ICFA fees	-	-	-
26	<b>Net cash (used) provided by operating activities</b>	<b>39,401</b>	<b>1</b>	<b>(1)</b>
27				
28	<b>Investing Activities</b>			
29	Capital expenditures	(39,401)	-	-
30	Proceeds from the sale of Willow Valley	-	-	-
31	Proceeds from sale of fixed and intangible assets	-	-	-
32	(Deposits) withdrawals of restricted cash	-	-	-
33	Deposits	-	-	-
34	Advance in aid of construction release	-	-	-
35	<b>Net cash used in investing activities</b>	<b>(39,401)</b>	<b>-</b>	<b>-</b>
36				
37	<b>Financing Activities</b>			
38	Proceeds from bond	-	-	-
39	Deposits in bond service fund	-	-	-
40	Proceeds withdrawn from bond service fund	-	-	-
41	Repayments of bond debt	-	-	-
42	(Deposit into)/ redemption from escrow for debt service	-	-	-
43	Loan borrowings	-	-	-
44	Loan repayments	-	-	-
45	Principal payments under capital lease	-	-	-
46	Payment of Sonoran acquisition liability	-	-	-
47	Acquisition of utilities, deferred acquisition payments	-	-	-
48	Financing costs paid	-	-	-
49	Debt issuance costs paid	-	-	-
50	Advances in aid of construction	-	-	-
51	Dividends Paid	-	-	-
52	Proceeds from sale of stock	-	-	-
53	Contributions in aid of construction under ICFA agreements	-	-	-
54	Payments of offering costs for sale of stock	-	-	-
55	Refunds of advances for construction	-	-	-
56	<b>Net cash (used) provided by financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
57	<b>Net change in cash</b>	<b>0</b>	<b>1</b>	<b>(1)</b>
58				
59				
60				

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule E-4

Test Year Ended December 31, 2019

## Statement of Changes in Stockholders' Equity

Line No.		Common Stock Shares	Amount	Additional Paid-In-Capital	Retained Earnings	Total
1						
2	Balance - December 31, 2016	-	\$ 100	\$ 4,288,634	\$ (442,374)	
3						
4	Net Income				(402,626)	
5						
6	Dividends Paid				-	-
7						
8	Other/Reclass*			1,218	394,228	395,446
9						
10	Balance - December 31, 2017	-	\$ 100	\$ 4,289,852	\$ (450,772)	\$ 3,839,179
11						
12	Net Income				(6,948)	
13						
14	Dividends Paid				-	-
15						
16	Other/Reclass*			8,054	8,398	
17						
18	Balance - December 31, 2018	-	\$ 100	\$ 4,297,906	\$ (449,322)	\$ 3,848,683
19						
20	Net Income				(5,128)	
21						
22	Dividends Paid				-	-
23						
24	Other/Reclass*			41,285		41,285
25						
26	Balance - December 31, 2019	-	\$ 100	\$ 4,339,191	\$ (454,450)	\$ 3,884,841
27	check		100	4,339,191	(454,450)	3,884,840
28						
29	*Intercompany					



**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule E-5

Test Year Ended December 31, 2019

Detail Plant in Service

Line No.		End of Prior Year 12/31/2018	Net Additions	End of Test Year 12/31/2019
1	Utility Plant in Service			
2	351 Organization	\$ -	\$ -	\$ -
3	352 Franchises	-	-	-
4	353 Land and Land Rights	278,280	-	278,280
5	354 Structures and Improvements	-	-	-
6	355 Power Generation Equipment	-	-	-
7	360 Collections Wastewater - Force	-	-	-
8	361 Collections Wastewater - Gravity	-	-	-
9	362 Special Collecting Structures	-	-	-
10	363 Services to Customers	-	-	-
11	364 Flow Measuring Devices	-	-	-
12	365 Flow Measuring Installations	-	-	-
13	366 Reuse Services	-	-	-
14	367 Reuse Meters & Meter Installations	-	-	-
15	370 Receiving Wells	-	-	-
16	371 Pumping Equipment	-	-	-
17	374 Reuse Distribution Reservoirs	-	-	-
18	375 Reuse Trans. And Distr. Equipment	-	-	-
19	380 Treatment and Disposal Equipment	-	-	-
20	381 Plant Sewers	-	-	-
21	382 Outfall Sewer Lines	-	-	-
22	389 Other Plant and Misc. Equipment	-	-	-
23	390 Office Furniture and Equipment	-	-	-
24	390.1 Computer & Software	-	-	-
25	391 Transportation Equipment	-	-	-
26	392 Stores Equipment	-	-	-
27	393 Tools, Shop and Garage Equipment	-	-	-
28	394 Laboratory Equipment	-	-	-
29	395 Power Operated Equipment	-	-	-
30	396 Communication Equipment	-	-	-
31	397 Miscellaneous Equipment	-	-	-
32	398 Other Tangible Plant	-	-	-
33				
34				
35				
36	Total Utility Plant in Service	\$ 278,280	\$ -	\$ 278,280
37				
38	107 Construction Work in Progress	2,773,500	39,401	2,812,901
39				
40	Total Plant	3,051,781	39,401	3,091,181
41				
42	Total Accum. Depreciation	-	-	-
43				
44	Total Net Plant	\$ 3,051,781	\$ 39,401	\$ 3,091,181

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule E-6

Test Year Ended December 31, 2019

Comparative Departmental Statements of Operating Income

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1	Operating Revenues			
2	Residential	\$ -	\$ -	\$ -
3	Commercial	-	-	-
4				
5	Total Water Sales	\$ -	\$ -	\$ -
6				
7	Miscellaneous	-	-	-
8				
9	Total Operating Revenues	\$ -	\$ -	\$ -
10				
11	OPERATING EXPENSES:			
12				
13	Operating Expenses (less tax and depreciation)	\$ 1,850	\$ 5,344	\$ 2,565
14				
15	Depreciation	\$ -	\$ -	\$ -
16				
17	TAXES			
18	Income Taxes	\$ (88)	\$ (1,477)	\$ 397,062
19	Property taxes	3,366	3,081	2,999
20	Other Taxes and Licenses	-	-	-
21				
22				
23	TOTAL TAXES	\$ 3,278	\$ 1,604	\$ 400,061
24				
25	Total Operating Expenses	\$ 5,128	\$ 6,948	\$ 402,626
26				
27	Operating Income/(Loss)	\$ (5,128)	\$ (6,948)	\$ (402,626)

Recap Schedule  
E-2

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule E-7

Test Year Ended December 31, 2019

## Operating Statistics

Line No.	Wastewater Statistics	Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1				
2	Total Gallons Treated (in thousands)	-	-	-
3				
4	Wastewater Revenues from Customers	-	-	-
5				
6	Year End Number of Customers	-	-	-
7				
8	Annual Gallons (in Thousands)			
9	Treated Per Year End Customer	0.00	0.00	0.00
10				
11	Annual Revenue Per Year End Customer	-	-	-
12				
13	Pumping Costs per Year End Customer	-	-	-
14				
15	Pumping Cos per 1,000 Gallons	-	-	-
16				
17				

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule E-8

Test Year Ended December 31, 2019

Taxes Charged to Operations

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1				
2	Federal Taxes			
3	Income	\$ (88)	\$ (1,477)	\$ 397,062
4	FICA (Employer's) *	-	-	-
5	Unemployment *	-	-	-
6	Total Federal Taxes	(88)	(1,477)	397,062
7				
8				
9	State Taxes			
10	Income	-	-	-
11	Property	3,366	3,086	2,999
12	Other	-	-	-
13	Unemployment *	-	-	-
14	Total State Taxes	3,366	3,086	2,999
15				
16				
17	Total Taxes to Operations	3,278	1,609	400,061
18				
19				
20	* FICA and Unemployment are included with Salaries and Wages on C-1, E-2 and E-6.			

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**  
Test Year Ended December 31, 2019  
Notes to Financial Statements

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No.

**Following are the significant accounting policies for Global Water. Please note that some of these accounting policies may only be applicable to the parent company, GWRI.**

**Basis of Presentation and Principles of Consolidation**

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The Company prepares its financial statements in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

The Company qualifies as an "emerging growth company", as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), under the rules and regulations of the SEC. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. The Company has elected to take advantage of these provisions for up to five years or such earlier time that the Company is no longer an emerging growth company. The Company has elected to take advantage of some of the reduced disclosure obligations regarding financial statements. Also, as an emerging growth company, the Company can elect to delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has chosen to take advantage of this extended accounting transition provision.

**Significant Accounting Policies**

*Regulation*

Our regulated utilities and certain other balances are subject to regulation by the ACC and are therefore subject to Accounting Standards Codification Topic 980, *Regulated Operations* ("ASC 980").

*Property, plant, and equipment*

Property, plant, and equipment is stated at cost less accumulated depreciation provided on a straight-line.

Depreciation rates for asset classes of utility property, plant, and equipment are established by the ACC. The cost of additions, including betterments and replacements of units of utility fixed assets are charged to utility property, plant, and equipment. When units of utility property are replaced, renewed, or retired, their cost plus removal or disposal costs, less salvage proceeds, is charged to accumulated depreciation.

For non-utility property, plant, and equipment, depreciation is calculated by the straight-line method over the estimated useful lives of depreciable assets. Cost and accumulated depreciation for non-utility property, plant, and equipment retired or disposed of are removed from the accounts and any resulting gain or loss is included in earnings.

In addition to third party costs, direct personnel costs and indirect construction overhead costs may be capitalized. Interest incurred during the construction period is also capitalized as a component of the cost of the constructed assets, which represents the cost of debt associated with construction activity. Expenditures for maintenance and repairs are charged to expense.

*Revenue Recognition—Water Services*

Water services revenues are recorded when service is rendered, or water is delivered to customers. However, in addition to the monthly basic service charge, the determination and billing of water sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each reporting period, amounts of water delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is recorded.

Water connection fees are the fees associated with the application process to set up a customer to receive utility service on an existing water meter. These fees are approved by the ACC through the regulatory process and are set based on the costs incurred to establish services including the application process, billing setup, initial meter reading, and

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Test Year Ended December 31, 2019

Notes to Financial Statements

Schedule E-9

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No.

1 service transfer. Because the amounts charged for water connection fees are set by our regulator and not  
2 negotiated in conjunction with the pricing of ongoing water service, the connection fees represent the  
3 culmination of a separate earnings process and are recognized when the service is provided.  
4 Meter installation fees are the fees charged to developers or builders associated with installing new water  
5 meters. Certain fees for meters are regulated by the ACC and are refundable to the end customer over a period  
6 of time. Refundable meter installation fees are recorded as a liability upon receipt. These fees are recognized  
7 as revenue when the service is rendered, or when a water meter is installed.

*Revenue Recognition—Wastewater and Recycled Water Services*

10 Wastewater service revenues are generally recognized when service is rendered. Wastewater services are  
11 billed at a fixed monthly amount per connection, and recycled water services are billed monthly based on  
12 volumetric fees.

*Revenue Recognition—Unregulated Revenues*

14 Unregulated Revenues represent those revenues that are not subject to the ratemaking process of the  
15 ACC. Unregulated revenues are limited to rental revenue and imputed revenues resulting from certain  
16 infrastructure coordination and financing agreement arrangements ("ICFAs").

*Allowance for Doubtful Accounts*

18 Provisions are made for doubtful accounts due to the inherent uncertainty around the collectability of accounts  
19 receivable. The allowance for doubtful accounts is recorded as bad debt expense, and is classified as general  
20 and administrative expense. The allowance for doubtful accounts is determined considering the age of the  
21 receivable balance, type of customer (e.g., residential or commercial), payment history, as well as specific  
22 identification of any known or expected collectability issues.

*Cash and Cash Equivalents*

26 Cash and cash equivalents include all highly liquid investments in debt instruments with an original maturity of  
27 three months or less.

*Restricted Cash*

29 Restricted cash represents cash deposited relating to HUF tariffs, asset retirement obligations and pending  
30 legal matters. *Income Taxes*

32 The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and  
33 liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable  
34 to differences between the financial statement carrying amounts of existing assets and liabilities and their  
35 respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply  
36 to taxable income in the years in which those temporary differences are expected to be recovered or settled.  
37 Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely  
38 than not that some portion or all of the deferred tax assets will not be realized.

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**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Test Year Ended December 31, 2019

Notes to Financial Statements

Schedule E-9

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1 We evaluate uncertain tax positions using a two-step approach. Recognition (step one) occurs when we  
2 conclude that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon  
3 examination. Measurement (step two) determines the amount of benefit that more-likely-than-not will be  
4 realized upon settlement. Derecognition of a tax position that was previously recognized would occur when we  
5 subsequently determine that a tax position no longer meets the more-likely-than-not threshold of being  
6 sustained. The use of a valuation allowance as a substitute for derecognition of tax positions is prohibited, and  
7 to the extent that uncertain tax positions exist, we provide expanded disclosures.

*Goodwill*

9  
10 Goodwill represents the excess purchase price over the fair value of net tangible and identifiable intangible  
11 assets acquired through acquisitions. Goodwill is not amortized, it is instead tested for impairment annually, or  
12 more often, if circumstances indicate a possible impairment may exist. As required, we evaluate goodwill for  
13 impairment annually, and do so as of November 1 of each year, and at an interim date if indications of  
14 impairment exist. When testing goodwill for impairment, we may assess qualitative factors, including  
15 macroeconomic conditions, industry and market considerations, overall financial performance, and entity  
16 specific events to determine whether it is more likely than not that the fair value of an operating and  
17 reportable segment is less than its carrying amount. We utilize internally developed discounted future cash  
18 flow models, third-party appraisals, or broker valuations to determine the fair value of the reporting unit.  
19 Under the discounted cash flow approach, we utilize various assumptions requiring judgment, including  
20 projected future cash flows, discount rates, and capitalization rates. Our estimated future cash flows are based  
21 on historical data, internal estimates, and external sources. We then compare the estimated fair value to the  
22 carrying value. If the carrying value is in excess of the fair value, an impairment charge is recorded to asset  
23 impairments within our consolidated statement of operations in the amount by which the reporting unit's  
24 carrying value exceeds its fair value, limited to the carrying value of goodwill.

*Intangible Assets*

26  
27 Intangible assets not subject to amortization consist of certain permits expected to be renewable indefinitely,  
28 water rights and certain service areas acquired in transactions which did not meet the definition of business  
29 combinations for accounting purposes, and are considered to have indefinite lives. Intangible assets with  
30 indefinite lives are not amortized but are tested for impairment annually, or more often if certain  
31 circumstances indicate a possible impairment may exist. Amortized intangible assets consist primarily of  
32 acquired ICFA contract rights.

*Debt Issuance Costs*

34  
35 In connection with the issuance of some of our long-term debt, we have incurred legal and other costs that we  
36 believe are directly attributable to realizing the proceeds of the debt issued. These costs are netted against  
37 long-term debt and amortized as interest expense using the effective interest method over the term of the  
38 respective debt.

*Impairment of Long-Lived Assets*

39  
40 Management evaluates the carrying value of long-lived assets for impairment whenever events or changes in  
41 circumstances indicate that the carrying value of such assets may not be recoverable. If an indicator of possible  
42 impairment exists, an undiscounted cash flow analysis would be prepared to determine whether there is an  
43 actual impairment. Measurement of the impairment loss is based on the fair value of the asset. Generally, fair  
44 value will be determined using appraisals or valuation techniques such as the present value of expected future  
45 cash flows.

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**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Test Year Ended December 31, 2019

Notes to Financial Statements

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58*Advances and Contributions in Aid of Construction*

The Company has various agreements with developers and builders, whereby funds, water line extensions, or wastewater line extensions are provided to us by the developers and are considered refundable advances for construction. These AIAC are non-interest-bearing and are subject to refund to the developers through annual payments that are computed as a percentage of the total annual gross revenue earned from customers connected to utility services constructed under the agreement over a specified period. Upon the expiration of the agreements' refunding period, the remaining balance of the advance becomes nonrefundable and at that time is considered CIAC. CIAC are amortized as a reduction of depreciation expense over the estimated remaining life of the related utility plant. For rate-making purposes, utility plant funded by AIAC or CIAC are generally excluded from rate base.

*Fair Value of Financial Instruments*

The carrying values of cash equivalents, trade receivables, and accounts payable approximate fair value due to the short-term maturities of these instruments. Portions of these non-interest-bearing instruments are payable annually through 2032 and amounts not paid by the contract expiration dates become nonrefundable. Their relative fair values cannot be accurately estimated because future refund payments depend on several variables, including new customer connections, customer consumption levels, and future rate increases. However, the fair value of these amounts would be less than their carrying value due to the non-interest-bearing feature.

*Segments*

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing operating performance. In consideration of ASC 280—*Segment*

*Reporting* the Company notes it is not organized around specific products and services, geographic regions, or regulatory environments. The Company currently operates in one geographic region within the State of Arizona, wherein each operating utility operates within the same regulatory environment.

While the Company reports its revenue, disaggregated by service type, on the face of its Statements of Operations, the Company does not manage the business based on any performance measure at the individual revenue stream level. The Company does not have any customers that contribute more than 10% to the Company's revenues or revenue streams. Additionally, we note that the CODM uses consolidated financial information to evaluate the Company's performance, which is the same basis on which he communicates the Company's results and performance to the Board of Directors. It is upon this consolidated basis from which he bases all significant decisions regarding the allocation of the Company's resources on a consolidated level. Based on the information described above and in accordance with the applicable literature, management has concluded that the Company is currently organized and operated as one operating and reportable segment.



**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**  
Test Year Ended December 31, 2019  
Projected Income Statements - Present and Proposed

Schedule F-1

Line No.		Test Year Actual 12/31/2019	Present Rates Year Ended 12/31/2020	Adjustments	Proposed Rates Year Ended 12/31/2020
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -
2					
3	701 Salaries and Wages	-	-	-	-
4	704 Employee Pensions and Benefits	-	-	-	-
5	710 Purchased Wastewater Treatment	-	-	-	-
6	711 Sludge Removal Expense	-	-	-	-
7	715 Purchased Power	-	-	-	-
8	716 Fuel for Power Production	-	-	-	-
9	718 Chemicals	-	-	-	-
10	720 Materials and Supplies	-	-	-	-
11	720 Repairs and Maintenance	-	-	-	-
12	720 Office Supplies and Expense	-	-	-	-
13	721 Office Expense	60	60	-	60
14	731 Contractual Services -Engineering	-	-	-	-
15	732 Contractual Services - Accounting	-	-	-	-
16	733 Contractual Services - Legal	509	509	-	509
17	734 Contractual Services - Management Fees	-	-	-	-
18	735 Contractual Services - Testing	-	-	-	-
19	736 Contractual Services - Other	-	-	-	-
20	740 Rents - Building	-	-	-	-
21	Intentionally Left Blank				
22	742 Rents - Equipment	-	-	-	-
23	750 Transportation Expenses	-	-	-	-
24	756 Insurance - Vehicle	-	-	-	-
25	757 Insurance - General Liability	-	-	-	-
26	758 Insurance - Worker's Compensation	-	-	-	-
27	759 Insurance - Other	-	-	-	-
28	760 Advertising Expense	-	-	-	-
29	766 Regulatory Commission Expense - Rate Case	-	-	-	-
30	767 Regulatory Commission Expense - Other	-	-	-	-
31	770 Bad Debt Expense	-	-	-	-
32	775 Miscellaneous Expense	1,281	1,281	-	1,281
33	403 Depreciation Expense	-	-	-	-
34	408 Taxes Other Than Income	-	-	-	-
35	408 Property Taxes	3,366	3,366	-	3,366
36	408 Payroll Taxes	-	-	-	-
37	408 Other Taxes and Licenses	-	-	-	-
38	409 Income Taxes	(88)	(88)	-	(88)
39	Total Operating Expenses	5,128	5,128	-	5,128
40					
41	Operating Income / (Loss)	(5,128)	(5,128)	-	(5,128)
42					
43	OTHER INCOME / (EXPENSE)				
44	414 Gain/Loss on Dispositions	0	-	-	-
45	419 Interest and Dividend Income	-	-	-	-
46	421 Non-Utility Income	-	-	-	-
47	426 Miscellaneous Non-Utility (Expense)	-	-	-	-
48	427 Interest (Expense)	-	-	-	-
49	Total Other Income / (Expense)	-	-	-	-
50					
51	NET INCOME / (LOSS)	\$ (5,128)	\$ (5,128)	\$ -	\$ (5,128)

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule F-2

Test Year Ended December 31, 2019

Projected Statements of Changes in Financial Position

Present and Proposed Rates

Line No.		Test Year 12/31/2019	Projected Year	
			Present Rates 12/31/2020	Proposed Rates 12/31/2020
1	<b>Operating Activities</b>			
2	Net income (loss)	\$ (5,128)	\$ (5,128)	\$ (5,128)
3	<b>Adjustment to reconcile net income (loss)</b>			
4	Deferred compensation	-	-	-
5	Depreciation	-	-	-
6	Amortization	-	-	-
7	Amortization of deferred debt issuance costs and discounts	-	-	-
8	Write-off of debt issuance costs	-	-	-
9	Gain on sale of 303 contracts	-	-	-
10	(Gain) Loss on Equity Investment	-	-	-
11	Other gains and losses	-	-	-
12	(Gain) Loss on disposal of fixed assets	-	-	-
13	Loss on Sale of Willow Valley	-	-	-
14	Provision for doubtful accounts receivable	-	-	-
15	Deferred income tax (benefit) expense	-	-	-
16	Accounts receivables	-	-	-
17	Other Receivables	16	16	16
18	Accrued revenue	-	-	-
19	Infrastructure coordination and financing fee receivable	-	-	-
20	Income taxes receivable	-	-	-
21	Other current assets	41,440	41,440	41,440
22	Accounts payable and other current liabilities	3,073	3,073	3,073
23	Other noncurrent assets	-	-	-
24	Other noncurrent liabilities	-	-	-
25	Deferred revenue and prepaid ICFA fees	-	-	-
26	<b>Net cash (used) provided by operating activities</b>	<b>39,401</b>	<b>39,401</b>	<b>39,401</b>
27				
28	<b>Investing Activities</b>			
29	Capital expenditures	(39,401)	(39,401)	(39,401)
30	Proceeds from the sale of Willow Valley	-	-	-
31	Proceeds from sale of fixed and intangible assets	-	-	-
32	(Deposits) withdrawals of restricted cash	-	-	-
33	Deposits	-	-	-
34	Advance in aid of construction release	-	-	-
35	<b>Net cash used in investing activities</b>	<b>(39,401)</b>	<b>(39,401)</b>	<b>(39,401)</b>
36				
37	<b>Financing Activities</b>			
38	Proceeds from bond	-	-	-
39	Deposits in bond service fund	-	-	-
40	Proceeds withdrawn from bond service fund	-	-	-
41	Repayments of bond debt	-	-	-
42	(Deposit into)/ redemption from escrow for debt service	-	-	-
43	Loan borrowings	-	-	-
44	Loan repayments	-	-	-
45	Principal payments under capital lease	-	-	-
46	Payment of Sonoran acquisition liability	-	-	-
47	Acquisition of utilities, deferred acquisition payments	-	-	-
48	Financing costs paid	-	-	-
49	Debt issuance costs paid	-	-	-
50	Advances in aid of construction	-	-	-
51	Dividends Paid	-	-	-
52	Proceeds from sale of stock	-	-	-
53	Contributions in aid of construction under ICFA agreements	-	-	-
54	Payments of offering costs for sale of stock	-	-	-
55	Refunds of advances for construction	-	-	-
56	<b>Net cash (used) provided by financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
57	<b>Net change in cash</b>	<b>0</b>	<b>0</b>	<b>0</b>
58				
59	<u>Supporting Schedules:</u>		Recap Schedule	
60	E-3		A-5	
61	F-3			

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule F-3

Test Year Ended December 31, 2019

Projected Construction Requirements

Line No.	Property Classification	Through 12/31/2020	Through 12/31/2021	Through 12/31/2022
1				
2	Well Development	\$ -	\$ -	\$ -
3				
4	Water Distribution Centers			
5				
6	Treatment and/or Blending			
7				
8	Pipelines			
9				
10	SCADA			
11				
12	Other			
13				
14	Totals	\$ -	\$ -	\$ -
15		(Sch. B-2.1)		

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule F-4

Test Year Ended December 31, 2019

**Assumptions**

Line

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Revenues and expenses were projected using the pro forma changes to the test year ending December 31, 2019. Actual expenses incurred during the test year ending December 31, 2019, were considered when developing pro forma adjustments. Where known and measurable changes are expected to occur, those changes are applied to determine pro form adjustments.

Construction forecasts are based on estimated plant requirements including new facilities, the replacement of existing facilities, and the improvement and maintenance of infrastructure necessary to ensure safe and reliable service.

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Test Year Ended December 31, 2019

Schedules G- thru G-7

Cost of Service Study

Balterra Sewer, LLC and Hassayampa Utility Company have no customers, no revenue, and no rate of return.

A cost of service study, which apportions rate of return to different classes of customers cannot be performed when there are no customers.

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Test Year Ended December 31, 2019

Schedule H-1 thru H-2

Revenues by customer class and billing analysis.

Balterra Sewer, LLC and Hassayampa Utility Company have no customers and no revenue. Therefore there is no revenue to assign to different customer classes and there is no billing data to analyze.

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Schedule H-3

Test Year Ended December 31, 2019

Classification - Present and Proposed Rates

Note the current rates for Hassayampa are proposed to be the rates for the consolidated entity.

**Monthly Minimum Charges:****Current Hassayampa Utility Company Rates**

Meter Size (All Classes)	Basic Service Charge		
	Present (2021)	Proposed	Change
5/8" X 3/4" Meter	\$ 54.25	\$ 54.25	\$ -
3/4" Meter	54.25	54.25	-
1" Meter	135.00	135.00	-
1.5" Meter	270.00	270.00	-
2" Meter	430.00	430.00	-
3" Meter	860.00	860.00	-
4" Meter	1,350.00	1,350.00	-
6" Meter	2,700.00	2,700.00	-

**Current Balterra Sewer Rates**

Meter Size (All Classes)	Basic Service Charge		
	Present	Proposed	Change
5/8" X 3/4" Meter	\$ 70.00	\$ 54.25	\$ (15.75)
3/4" Meter	105.00	54.25	(50.75)
1" Meter	175.00	135.00	(40.00)
1.5" Meter	350.00	270.00	(80.00)
2" Meter	560.00	430.00	(130.00)
3" Meter	1,050.00	860.00	(190.00)
4" Meter	1,750.00	1,350.00	(400.00)
6" Meter	3,500.00	2,700.00	(800.00)

<b>Effluent Charge:</b>	Present Hassayampa	Proposed	Change
All Gallons (Per Acre Foot)	\$ 400	\$ 400.00	\$ -
All Gallons (Per 1,000 Gallons)	1.23	1.23	-

<b>Effluent Charge:</b>	Present Balterra	Proposed 2022	Change
All Gallons (Per Acre Foot)	\$ 202.00	\$ 400.00	\$ 198.00
All Gallons (Per 1,000 Gallons)	0.62	1.23	0.61

Miscellaneous Service Charges Current Palo Verde Customers	Present	Proposed	Change
Establishment of Service	\$ 30.00	\$ 30.00	\$ -
Re-establishment of Service (Within 12 Months)	(a)	(a)	-
Reconnection of Service (Delinquent)	50.00	50.00	-
After Hours Service Charge, Per Hour	NA	50.00	-
Deposit	(b)	(b)	-
Deposit Interest	(b)	(b)	-
NSF Check	25.00	25.00	-
Late Payment Charge (Per Month)	1.50%	1.50%	0.00%
Deferred Payment Charge (Per Month)	1.50%	1.50%	0.00%

(a) Number of Months off System times the monthly minimum per A.A.C. R14-2-603(D).

(b) Per A.A.C. R14-2-603(B).

In addition to the collection of its regular rates and charges, the Company shall collect from customers their proportionate share of any privilege, sales or use tax in accordance with A.A.C. R14-2-608(D)(5).

Miscellaneous Service Charges Current Red Rock Customers	Present	Proposed	Change
Establishment of Service	\$ 25.00	\$ 30.00	\$ 5.00
Re-establishment of Service (Within 12 Months)	(a)	(a)	-
Reconnection of Service (Delinquent)	30.00	50.00	20.00
After Hours Service Charge, Per Hour	40.00	50.00	-
Deposit	(b)	(b)	-
Deposit Interest	(b)	(b)	-
NSF Check	15.00	25.00	10.00
Late Payment Charge (Per Month)	1.50%	1.50%	0.00%
Deferred Payment Charge (Per Month)	NA	1.50%	NA

(a) Number of Months off System times the monthly minimum per A.A.C. R14-2-603(D).

(b) Per A.A.C. R14-2-603(B).

In addition to the collection of its regular rates and charges, the Company shall collect from customers their proportionate share of any privilege, sales or use tax in accordance with A.A.C. R14-2-608(D)(5).

**Balterra Sewer, LLC\_Hassayampa Utility Company, Inc. Consolidated**

Test Year Ended December 31, 2019

Schedule H-4 and H-5

Revenues by customer class and billing analysis.

Balterra Sewer, LLC and Hassayampa Utility Company have no customers and no revenue. Therefore there is no revenue to assign to different customer classes and there is no billing data to analyze.



Timothy J. Sabo (021309)  
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480.999.5215  
[Tim.Sabo@gwresources.com](mailto:Tim.Sabo@gwresources.com)

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

ROBERT "BOB" BURNS, Chairman  
BOYD DUNN  
SANDRA D. KENNEDY  
JUSTIN OLSON  
LEA MÁRQUEZ PETERSON

IN THE MATTER OF THE APPLICATION  
OF GLOBAL WATER - BALTERRA  
UTILITIES COMPANY, INC., AN ARIZONA  
CORPORATION, FOR THE  
ESTABLISHMENT OF JUST AND  
REASONABLE RATES AND CHARGES  
FOR UTILITY SERVICE DESIGNED TO  
REALIZE A REASONABLE RATE OF  
RETURN ON THE FAIR VALUE OF ITS  
PROPERTY AND FOR CERTAIN RELATED  
APPROVALS.

DOCKET NO. SW-20403A-20-0218

**RATE APPLICATION**

**PART 4 OF 4**

**NOTICE OF FILING  
SUPPLEMENTAL FILING  
MATERIALS IN SUPPORT OF  
RATE APPLICATION**

Global Water – Balterra Utilities Company, Inc., in connection with its  
contemporaneously filed Rate Application, provides notice of filing the attached  
Supplemental Filing Materials in support of its Rate Application.

RESPECTFULLY SUBMITTED this 28<sup>th</sup> day of August, 2020.

DocuSigned by:

*Timothy J. Sabo*

35A991DC587B41E  
Timothy J. Sabo

*Regulatory Counsel*

**Certificate of Service**

Original of the foregoing  
eFiled this 28<sup>th</sup> day of August, 2020 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

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/s/ Joyce Goodwin

## Additional Filing Requirements

Global Water – Balterra Utilities Company, Inc.

Docket No. SW-20403A-20-0218

Test Year Ended December 31, 2019

### Table of Contents

1. Wastewater Flows
2. Major Plant in Service Inventory – Wastewater

## Additional Filing Requirements

Global Water – Balterra Utilities Company, Inc.

Test Year Ended December 31, 2019

### 1. Wastewater Flows

Balterra Sewer, LLC  
 Annual Report  
 Wastewater Flows  
 12/31/19

Wastewater Flows					
Month	Number of Services	Total Monthly Sewage Flow (Gallons)	Sewage Flow on Peak Day	Purchased Power Expense <sup>1</sup>	Purchased Power (kWh) <sup>2</sup>
January	0	0	0	\$0	0
February	0	0	0	0	0
March	0	0	0	0	0
April	0	0	0	0	0
May	0	0	0	0	0
June	0	0	0	0	0
July	0	0	0	0	0
August	0	0	0	0	0
September	0	0	0	0	0
October	0	0	0	0	0
November	0	0	0	0	0
December	0	0	0	0	0
<b>Totals</b>		<b>0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>

Provide the following information as applicable per wastewater system:

Method of Effluent Disposal	Other
Groundwater Permit Number	0
ADEQ Aquifer Protection Permit ("APP") Number	0
ADEQ Reuse Permit Number	0
EPA NPDES Permit Number	AZ0025585
APP Effluent Treatment Requirement (Class)?	0
Permitted Flow Rate	0.55 MGD
Permitted Organic Capacity	0%
Hydraulic Capacity	0%
Type of Biological Treatment	N/A

In the space below, list all violations within the past 12 months:

This system has not been constructed.

**Note:** If you are filing for more than one system, please provide separate sheets for each system.

<sup>1</sup> Enter the total purchased power costs for the power meters associated with this system.

<sup>2</sup> Enter the total purchased kWh used by the power meters associated with this system.

**Instructions:** Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

## Additional Filing Requirements

Global Water – Balterra Utilities Company, Inc.

Test Year Ended December 31, 2019

### 2. Major Plant in Service Inventory – Wastewater

Balterra Sewer, LLC  
 Annual Report  
 Wastewater Utility Plant Description  
 12/31/19

Wastewater Utility Plant Description	
Name of System:	Balterra Sewer LLC
Wastewater Inventory Number (if applicable):	NA
Type of Treatment	Other
Design Capacity of Plant (Gallons per day)	0

LIFT STATION FACILITIES					
Location	Quantity of Pumps	Horsepower Per Pump	Rated Capacity Per Pump (GPM)	Wet Well Capacity (gals)	Year Constructed
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA
0	0	0	0	0	NA

FORCE MAINS		
Size	Material	Length (Feet)
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0
0	NA	0

MANHOLES	
Type	Quantity
Standard	0
Drop	0

CLEANOUTS
Quantity
0
0
0
0

**Instructions:** Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.

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Balterra Sewer, LLC  
 Annual Report  
 Wastewater Utility Plant Description (Continued)

<b>Wastewater Utility Plant Description (Continued)</b>
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For the following five items, list the utility owned assets in each category for each system.

<b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>	0
<b>DISINFECTION EQUIPMENT</b> (Chlorinator, Ultra-Violet,	0
<b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	0
<b>STRUCTURES</b> (Buildings, Fences, Etc.)	0
<b>Other</b> (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.)	0

<b>Instructions:</b> Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.
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